

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

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SENATE JUDICIARY

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§ 4750. (First of two; operative term contingent) Grounds requiring refusal
The department shall refuse registration or renewal or transfer of registration upon any of the following grounds:

- (a) That the application contains any false or fraudulent statement.
- (b) That the required fee has not been paid.
- (c) That the registration or renewal or transfer of registration is prohibited by the requirements of Part 5 (commencing with Section 43000) of Division 26 of the Health and Safety Code.

Enacted Stats 1959 ch 3; Amended Stats 1959 ch 1021 § 1; Stats 1st Ex Sess 1960 ch 23 § 3 p 351; Stats 1968 ch 764 § 13.5 p 1482; Stats 1975 ch 957 § 26. Repealed Stats 1985 ch 245 § 1, operative date contingent. See note to 2nd version following.

§ 4750. (Second of two; operative term contingent) Grounds requiring refusal

The department shall refuse registration, or renewal or transfer of registration, upon any of the following grounds:

- (a) The application contains any false or fraudulent statement.
- (b) The required fee has not been paid.
- (c) The registration, or renewal or transfer of registration, is prohibited by the requirements of Part 5 (commencing with Section 43000) of Division 26 of the Health and Safety Code.
- (d) The owner of a heavy vehicle, which is subject to the heavy vehicle use tax imposed pursuant to Section 4481 of Title 26 of the United States Code, has not presented sufficient evidence, as determined by the department, that the tax for the vehicle has been paid pursuant to that section.

Added Stats 1985 ch 245 § 2.

Note—Stats 1985 ch 245 provides:

SEC. 3. Sections 1 and 2 of this act shall become operative when the Secretary of the Treasury prescribes the forms for the proof of payment of the heavy vehicle use tax, pursuant to subsection (d) of Section 141 of Title 23 of the United States Code.

§ 4760. Failure to deposit bail for parking offenses

(a) Except as provided in subdivision (b), the department shall refuse to renew the registration of any vehicle if the registered owner or lessee has been mailed a notice of delinquent parking violation relating to standing or parking, the processing agency has filed or electronically transmitted to the department an itemization of unpaid parking penalties, including administrative fees pursuant to Section 40220, and the owner or lessee has not paid the parking penalty and administrative fee pursuant to Section 40211, unless he or she pays to the department, at the time of application for renewal, the full amount of all outstanding parking penalties and administrative fees, as shown by records of the department.

(b) The department shall not refuse to renew the registration of any vehicle owned by a renter or lessor if the applicant provides the department with the abstract or notice of disposition of parking violation issued pursuant to subdivision (c) for clearing all outstanding parking penalties and administrative fees as shown by the records of the department.

(c) The court or designated processing agency shall issue an abstract or notice of disposition of parking violation to the renter or lessor of a vehicle issued a notice of delinquent parking violation relating to standing or

parking, if the renter or lessor provides the court or processing agency with the name, address, and driver's license number of the rentee or lessee at the time of occurrence of the parking violation.

Amended Stats 1986 ch 939 § 8. Amended Stats 1989 ch 750 sec 1.

Amendments:

1986 Amendment: (1) Added subdivision designation (a); (2) substituted all that part of subd (a) following "or lessee has been" for "sent or given a notice of violation relating to standing or parking pursuant to paragraph (2) of Section 41103 and has not complied with paragraph (2) of Section 41103, unless he pays to the department, at the time he applies for renewal, the full amount of bail for offenses relating to standing or parking which he has failed to deposit as required by law, as shown by records of the department"; and (3) amended subd (b) by substituting (a) "all outstanding parking penalties and administrative fees" for "bail for offenses relating to standing or parking which have not been deposited as required by law"; and (b) "parking violation for which the full amount of parking penalties is not enclosed and the name, address, and driver's license number of the rentee or lessee" for "offenses relating to standing or parking for which the full amount of bail is not enclosed".

1989 Amendment: (1) Amended subd (a) by (a) deleting ", rentee," after "registered owner"; (b) adding "the processing agency has filed of electronically transmitted to the department"; and (c) substituting "pursuant to Section 40220, and the owner or lessee" for ", has been filed with, or electronically transmitted to, the department under Section 40220, and that person"; (2) substituted subd (b) for former subd (b) which read: "(b) The department shall not refuse to renew the registration of any vehicle owned by a renter or lessor when the renter or lessor applies for renewal without paying to the department, at the time of submitting the application for renewal, the full amount of all outstanding parking penalties and administrative fees as shown by records of the department, if the application for renewal is accompanied by an affidavit of the applicant in a form acceptable to the department stating that the vehicle was in the possession of the rentee or lessee at the time of occurrence of the parking violation for which the full amount of parking penalties is not enclosed and the name, address, and driver's license number of the rentee or lessee."; and (3) added subd (c).

§ 4761. Amount of bail on potential registration card

The department shall include on each potential registration card issued for use at the time of renewal, or on an accompanying document, an itemization of unpaid parking penalties, including administrative fees, showing the amount thereof and the jurisdiction which issued the notice of parking violation relating thereto, which the registered owner or lessee is required to pay pursuant to Section 4760.

Amended Stats 1986 ch 939 § 9.

Amendments:

1986 Amendment: (1) Substituted "unpaid parking penalties, including administrative fees" for "undeposited bail"; and (2) added "parking" after "notice of".

§ 4762. Remitting bail collected

The department shall remit all parking penalties and administrative fees collected, after deducting the administrative fee authorized by Section 4763, for each notice of delinquent parking violation for which parking penalties and administrative fees have been collected pursuant to Section 4760, to each jurisdiction in the amounts due to each jurisdiction according to its unadjudicated notices of delinquent parking violation. Within 45 days from the time penalties are recorded by the department, the department shall inform each jurisdiction which of its notices of delinquent parking violation have been discharged.

Amended Stats 1985 ch 1008 § 1, ch 1289 § 1; Stats 1986 ch 939 § 10.

Amendments:

1985 Amendment: (1) Added the comma after "Section 4763"; and (2) divided the section into the present first and second sentences by substituting ". Within 45 days from the time bail is recorded by the department, the department" for ", and". (As amended by Stats 1985, ch 1289, compared to the section

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within a period of not more than 10 days after the arrest, the notice to appear shall contain, in addition to the above, a statement notifying the person arrested that the person may appear before such a night session of the court.

Amended Stats 1980 ch 1299 § 3; Stats 1984 ch 400 § 1.

Amendments:

1980 Amendment: Added the second paragraph.

1984 Amendment: In addition to making technical changes, (1) substituted "any of the following" for "either" in the introductory clause; and (2) amended subd (b) by (a) deleting "or before a magistrate in the judicial district in which the offense is alleged to have been committed" at the end of the first sentence; and (b) adding the second sentence.

Cal Jur 3d (Rev) Courts §§ 36, 135, Criminal Law § 1677.

In a traffic prosecution for a violation of Veh. Code, § 22406, subd. (a), in which defendant was driving a semitruck within the territory of a judicial district outside the county seat when he was stopped by a California Highway Patrol officer for driving in excess of 55 miles an hour, in which defendant, pursuant to Veh. Code, § 40502, subd. (b), requested trial at the county seat, the trial court did not err in denying defendant's motion to dismiss the case for lack of jurisdiction, although the trial was brought in a branch court of the municipal court for the city which comprised the county seat rather than in the central branch of the municipal court, since the entire municipal court regardless of where it was sitting within such city's judicial district, was the court

servicing the county seat. Although defendant, having been cited for a traffic violation in a judicial district outside the county seat, was entitled, upon his request, to be tried at the county seat, trial at any such branch court satisfied § 40502, subd. (b), considering Cal. Const., art. VI, § 5, subd. (a), providing that a city may not be divided into more than one municipal court district, since each of the municipal court branches must therefore be treated as integral parts of a single municipal district court. In any event, defendant's appropriate remedy, were his contention correct, was transfer of the case to the proper court, not dismissal. *People v Beltran* (1981, 2d Dist) 124 Cal App 3d 33 5, 177 Cal Rptr 262.

§ 40504. Delivery of notice

Cal Jur 3d (Rev) Criminal Law § 1677.

A police officer who has stopped a motorist for a traffic violation for which the offender cannot be taken into custody and has already detained him for the period necessary to perform his functions arising from the violation, cannot thereafter lawfully detain the offender for an additional period of time solely for the purpose of conducting a warrant check. Veh C § 40504 subd (a), plainly and unequivocally provides that when a traffic offender gives his written promise to appear by signing two copies of the citation, the arresting officer shall "forthwith" release the person arrested from custody, and that rule is equally applicable when the officer has completed his investigation of the incident and gives a warning rather than a citation. The statute, moreover, implements constitutional doctrine. Just as a search which is reasonable at its inception may violate U.S. Const.,

Fourth Amend., by virtue of its intolerable intensity and scope, so may an investigatory detention exceed constitutional bounds when extended beyond what is reasonably necessary under the circumstances which made its initiation permissible. Thus, a police officer's detention of a motorist stopped for driving the wrong way on a one-way street, for an additional period of approximately 10 minutes after completion of his duties with respect to the violation, for the purpose of seeking out unrelated arrest warrants in the name of the motorist or his passenger was not reasonably necessary to the initial detention process, and hence exceeded constitutional limitations. (Per Mosk, Clark, and Manuel, JJ.) *People v McGaughran* (1979) 25 C3d 577, 159 Cal Rptr 191, 601 P2d 207.

§ 40508. Violation of promise to appear

(a) Any person willfully violating his or her written promise to appear or a lawfully granted continuance of his or her promise to appear in court or before a person authorized to receive a deposit of bail is guilty of a misdemeanor regardless of the disposition of the charge upon which he or she was originally arrested.

(b) Any person willfully failing to pay a lawfully imposed fine for a violation of any provision of this code or a local ordinance adopted pursuant

After the arrest, the notice to appear, a statement notifying the defendant before such a night session of

(1) substituted "any of the following" for "any of the following" by (a) deleting "or before a magistrate in which an offense was committed" at the end of the first

the county seat. Although defendant was cited for a traffic violation in a district outside the county seat was entitled on his request, to be tried at the county court at any such branch court satisfied subd. (b), considering Cal. Const., art. IV, § 5, subd. (a), providing that a city may not be more than one municipal court district. Each of the municipal court branches before be treated as integral parts of a municipal district court. In any event, defendant's contention, where his contention was transfer of the case to the proper court for dismissal. *People v Beltran* (1981, 2d Cal App 3d 33 5, 177 Cal Rptr 262.

Amend., by virtue of its intolerable intensity, so may an investigatory detention constitute a violation of constitutional bounds when extended beyond what is reasonably necessary under the circumstances which made its initiation permissible. The police officer's detention of a motorist for driving the wrong way on a one-way street or an additional period of approximately 15 minutes after completion of his duties with respect to the violation, for the purpose of seeking arrest warrants in the name of the motorist or his passenger was not reasonably necessary to the initial detention process, and hence not in violation of constitutional limitations. (Per Mosk and Manuel, JJ.) *People v McGaughan* (1985, 15 C3d 577, 159 Cal Rptr 191, 601 P2d

written promise to appear or a promise to appear in court or deposit of bail is guilty of a violation of the charge upon which he or

lawfully imposed fine for a violation of a local ordinance adopted pursuant

to this code within the time authorized by the court and without lawful excuse having been presented to the court on or before the date the fine is due is guilty of a misdemeanor regardless of the full payment of the fine after such time.

(c) If a person convicted of an infraction fails to pay a fine or any installment thereof within the time authorized by the court, the court may, except as otherwise provided in this subdivision, impound the person's driver's license and order the person not to drive for a period not to exceed 30 days. Before returning the license to the person, the court shall endorse on the reverse side of the license that the person was ordered not to drive, the period for which that order was made, and the name of the court making the order. If a defendant with a class 3 or 4 driver's license satisfies the court that impounding his or her driver's license and ordering the defendant not to drive will affect his or her livelihood, the court shall order that the person limit his or her driving for a period not to exceed 30 days to driving that is essential in the court's determination to the person's employment, including the person's driving to and from his or her place of employment if other means of transportation are not reasonably available. The court shall provide for the endorsement of the limitation on the person's license. The impounding of the license and ordering the person not to drive or the order limiting the person's driving does not constitute a suspension of the license, but a violation of the order constitutes contempt of court.

Enacted Stats 1959 ch 3; Amended Stats 1961 ch 1653 § 2; Stats 1968 ch 1192 § 15, operative January 1, 1969; Stats 1979 ch 235 § 2. Amended Stats 1987 ch 726 § 10, operative July 1, 1988.

Amendments:

1987 Amendment: In addition to making technical changes, added "with a class 3 or 4 driver's license" in the third sentence of subd (c).

Note—Stats 1987 ch 726 provides:

SEC. 11. This act shall become operative on July 1, 1988.

Suspension of driving privileges for violation of promise to appear: Veh C § 13365.

Notice of Delinquent Parking Violation will not serve as basis for issuance of warrant of arrest for violation of Veh C § 40508. (1988) 71 Ops Atty Gen L.

§ 40508.5. Penalty assessments; Violation of promise to appear

(a) In addition to the fees authorized or required by any other provision of law, a county may, by resolution of the board of supervisors, authorize the courts of that county to impose an assessment of seven dollars (\$7) upon every person convicted under Section 40508, whether or not a fine is imposed.

(b) The courts authorized pursuant to subdivision (a) shall increase the bail schedule amounts to reflect the amount of the assessment imposed by this section.

(c) If bail is returned, the amount of the assessment shall also be returned.

(d) The clerk of the court shall deposit the amounts collected under this section in the county treasury. All money so deposited shall be used exclusively for the development and operation of an automated county warrant system.

Added Stats 1986 ch 151 § 2.

§ 40509. Violation of promise to appear

(a) Whenever any person has for a period of 15 or more days violated his or her written promise to appear or a lawfully granted continuance of his or

her promise to appear in court or before the person authorized to receive a deposit of bail or violated an order to appear in court, the magistrate or clerk of the court may give notice of the fact to the department for any violation of this code, except violations not required to be reported pursuant to paragraphs (1), (2), (3), (6), and (7) of subdivision (b) of Section 1803. The notice shall be given within 60 days of the failure to appear. Whenever thereafter the case in which the promise was given is adjudicated or the person who has violated the court order appears in court or otherwise satisfies the order of the court, the magistrate or clerk of the court hearing the case shall sign and file with the department a certificate to that effect.

(b) Whenever any person has for a period of 15 or more days willfully failed to pay a lawfully imposed fine within the time authorized by the court or to pay a fine pursuant to subdivision (a) of Section 42003, the magistrate or clerk of the court may give notice of the fact to the department for any violation, except violations not required to be reported pursuant to paragraphs (1), (2), (3), (6), and (7) of subdivision (b) of Section 1803. Whenever thereafter the fine is fully paid, the magistrate or clerk of the court shall issue and file with the department a certificate showing that the fine has been paid.

(c) This section is applicable to any court which has not elected to be subject to the notice requirements of subdivision (c) of Section 40509.5.

(d) Any violation subject to Section 40001, which is the responsibility of the owner of the vehicle, shall not be reported under this section.

Amended Stats 1981 ch 584 § 3, operative July 1, 1982; Stats 1984 ch 858 § 2, operative July 1, 1985; Stats 1985 ch 1008 § 4; Stats 1986 ch 953 § 14; Stats 1989 ch 126 sec 1; Stats 1990 ch 472 § 2 (SB 1826).

Amendments:

1981 Amendment: (1) Added "or her" wherever it appears in the first sentence of subd (a); (2) generally eliminated "such"; (3) substituted "within 60 days of the failure to appear" for "not less than 30 days nor more than 60 days after issuance of a warrant" in the second sentence of subd (a); and (4) added the last paragraph.

1984 Amendment: (1) Substituted "the" for "such" before "promise" in the last sentence of subd (a); (2) deleted the former second paragraph of subd (b) which read: "This section shall become operative on July 1, 1982."; and (3) added subd (c).

1985 Amendment: (1) Amended the first sentence of subd (a) by (a) deleting "or to pay a fine pursuant to subdivision (a) of Section 42003" after "appear in court"; and (b) adding "for any violation of this code which is required to be reported pursuant to Section 1803" at the end; and (2), added "or to pay a fine pursuant to subdivision (a) of Section 42003" in the first sentence of subd (b).

1986 Amendment: Substituted "issue" for "sign" after "court shall" in the second sentence of subd (b).

1989 Amendment: (1) Substituted "except violations not" for "which is" wherever it appears; (2) added "paragraphs (1), (2), (3), (4), (5), (6), (7), and (8) of subdivision (b) of" wherever it appears; and (3) added subd (d).

1990 Amendment: Substituted "paragraphs (1), (2), (3), (6) and (7)" for "paragraphs (1), (2), (3), (6), (7) and (8)" in the first sentences in subds (a) and (b).

Suspension for violation: § 13365.

Cal Jur.3d (Rev) Criminal Law § 1678.

Review of Selected 1981 Legislation. 13 Pacific LJ 799.

Review of Selected 1985 Legislation. 17 Pacific LJ 806.

§ 40509.5. Failure to appear; Warning notice; Issuance or arrest warrant

(a) Whenever, with respect to an offense described in subdivision (d), any person has for a period of 15 or more days violated his or her written promise to appear or a lawfully granted continuance of his or her promise to appear in court or before the person authorized to receive a deposit of bail or violated an order to appear in court, the magistrate or clerk of the

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Stats 1984 ch 858 § 2, operative July 1, 1985;
 ch 126 sec 1; Stats 1990 ch 472 § 2 (SB 1826).

s in the first sentence of subd (a); (2) generally
 failure to appear" for "not less than 30 days
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"promise" in the last sentence of subd (a); (2)
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court may give notice of the fact to the department for any violation of is
 code, except violations not required to be reported pursuant to paragraphs
 (1), (2), (3), (6), and (7) of subdivision (b) of Section 1803. The notice shall
 be given within 60 days of the failure to appear. Whenever thereafter the
 case in which the promise was given is adjudicated or the person who has
 violated the court order appears in court or otherwise satisfies the order of
 the court, the magistrate or clerk of the court hearing the case shall sign
 and file with the department a certificate to that effect.

(b) Whenever, with respect to an offense described in subdivision (d), any
 person has for a period of 15 or more days willfully failed to pay a lawfully
 imposed fine within the time authorized by the court or to pay a fine
 pursuant to subdivision (a) of Section 42003, the magistrate or clerk of the
 court may give notice of the fact to the department for any violation, except
 violations not required to be reported pursuant to paragraphs (1), (2), (3),
 (6), and (7) of subdivision (b) of Section 1803. Whenever thereafter the fine
 is fully paid, the magistrate or clerk of the court shall issue and file with the
 department a certificate showing that the fine has been paid.

(c) The court shall mail a courtesy warning notice to the defendant by first-
 class mail at the address shown on the notice to appear, at least 10 days
 before sending a notice to the department under this section.

(d) If the court notifies the department of a failure to appear or pay a fine
 pursuant to this section, no arrest warrant shall be issued for an alleged
 violation of subdivision (a) or (b) of Section 40508 or of a court order issued
 pursuant to subdivision (a) of Section 42003, unless one of the following
 criteria is met:

- (1) The alleged underlying offense is a misdemeanor or felony.
- (2) The alleged underlying offense is a violation of any provision of Division
 12 (commencing with Section 24000), Division 13 (commencing with Sec-
 tion 29000), or Division 15 (commencing with Section 35000), required to
 be reported pursuant to Section 1803.

(3) The driver's record does not show that the defendant has a valid
 California driver's license.

(4) The driver's record shows an unresolved charge that the defendant is in
 violation of his or her written promise to appear for one or more other
 alleged violations of the law.

(e) This section is applicable to courts which have elected to provide notice
 pursuant to subdivision (c). The method of commencing or terminating an
 election to proceed under this section shall be prescribed by the department.

(f) Any violation subject to Section 40001, which is the responsibility of the
 owner of the vehicle, shall not be reported under this section.

Added Stats 1984 ch 858 § 3, operative July 1, 1985. Amended Stats 1985 ch 1008 § 5; Stats 1989 ch 126
 sec 2; Stats 1990 ch 472 § 3 (SB 1826).

Amendments:

1985 Amendment: (1) Amended the first sentence of subd (a) by (a) deleting "or to pay a fine pursuant to
 subdivision (a) of Section 42003" after "appear in court"; and (b) adding "for any violation of this code
 which is required to be reported pursuant to Section 1803" at the end; and (2) added ", required to be
 reported pursuant to Section 1803" at the end of subd (c)(2).

1989 Amendment: (1) Substituted ", except violations not" for "which is" near the end of the first
 sentence of subd (a); (2) added "paragraphs (1), (2), (3), (4), (5), (6), (7), and (8) of subdivision (b) of" in
 subd (a); and (3) added subd (c).

1990 Amendment: (1) Amended the first sentence in subd (a) by substituting (a) "subdivision (d)" for
 "subdivision (c)" after "offense described in"; and (b) "paragraphs (1), (2), (3), (6) and (7)" for
 "paragraphs (1), (2), (3), (6), (7) and (8)"; (2) added subd (b); (3) redesignated former subds (b)-(e) to be

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subds (c)-(f); (4) amended the introductory clause of subd (d) by (a) adding "or pay a fine" after "failure to appear"; and (b) substituting "subdivision (a) or (b)" for "subdivision (a)"; (5) substituted "driver's" for "driver" after "The" at the beginning of subds (d)(3) and (d)(4); and (6) substituted "subdivision (e)" for "subdivision (b)" in subd (e).

Review of Selected 1985 Legislation, 17 Pacific LJ 806.

§ 40510. Deposit of bail

(e) Prior to the date upon which a defendant promised to appear, or prior to the time to appear contained on a notice of filing of a complaint on a notice of delinquent parking violation pursuant to subdivision (a) of Section 40215 or on a process issued after filing with the court under Section 40230, or prior to the expiration of any lawful continuance of that date, or upon receipt of information that an action has been filed and prior to the scheduled court date, the defendant may deposit bail or a parking penalty with the magistrate or the person authorized to receive a deposit of bail or parking penalties.

(b) For any offense which is not declared to be a felony, a deposit of bail or a parking penalty may be by a personal check meeting the criteria established in accordance with subdivision (c).

(c) Each court, sheriff, or other agency which regularly accepts deposits of bail or parking penalties, shall adopt a written policy governing the acceptance of personal checks in payment of bail or parking penalty deposits. The policy shall permit clerks and other appropriate officers to accept personal checks under conditions which tend to assure the validity of the checks.

(d) The written policy governing the acceptance of personal checks adopted pursuant to subdivision (c) shall provide that the payee of the deposit made by personal check shall be the agency accepting the deposit.

Amended Stats 1981 ch 775 § 3; Stats 1984 ch 481 § 4; Stats 1986 ch 939 § 18.

Amendments:

1981 Amendment: Amended subd (a) by (1) substituting "a defendant" for "he"; (2) adding the commas after "promised to appear" and after "that date"; (3) adding "time to appear contained on a notice of a parking violation, or prior to the"; and (4) substituting "that" for "such" after "continuance of".

1984 Amendment: Added subd (d).

1986 Amendment: (1) Added all references to parking penalty or parking penalties; (2) amended subd (a) by (a) substituting "filing of a complaint on a notice of delinquent parking violation pursuant to subdivision (a) of Section 40215 or on a process issued after filing with the court under Section 40230" for "a parking violation"; and (b) deleting the comma after "has been filed"; and (3) substituted "a" for "such" after "be a felony," in subd (b).

Payment of fee, fine, or bail deposit by check: CRC Rule 805.

Cal Jur 3d (Rev) Criminal Law § 1679.

§ 40512. Forfeiture of bail

(a) If at the time when the case is called for arraignment before the magistrate the defendant does not appear, either in person or by counsel, the magistrate may declare the bail forfeited and may in his or her discretion order that no further proceedings be had in the case, unless the defendant has been charged with violation of Section 23111 or 23112, or subdivision (a) of Section 23113, and he or she has been previously convicted of the same offense, except in cases where the magistrate finds that undue hardship will be imposed upon the defendant by requiring him or her to appear, the magistrate may declare the bail forfeited and order that no further proceedings shall be had in the case.

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All material affected by Acts of the 1990 special session of the Sixty-fifth Legislative Assembly on May 7, 1990; Acts of the 1991 regular session of the Sixty-sixth Legislative Assembly; and Acts approved by the electors at the General Election on November 6, 1990

Volume 12

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judgment and parties sufficiently for identification if:

(a) The judgment is settled in the manner required under ORS 809.470; and

(b) The judgment debtor or the judgment debtor's attorney makes a written request for forwarding to the division a certificate stating the judgment has been settled as described in ORS 809.470.

(3) The notice made to the division under this section shall be given by the clerk of the court or, if the court has no clerk, by the judge. [1983 c.338 §391; 1985 c.16 §208]

809.140 Administrative review of suspension, revocation or cancellation. (1) Unless otherwise specifically provided by law, a person whose vehicle registration or driving privileges are suspended, revoked or canceled by the division on the basis of a conviction is entitled to administrative review of the action rather than to a formal hearing by the division.

(2) Actions by the division based on something other than a conviction may be subject to administrative review rather than a formal hearing if specifically provided by law. [1991 c.702 §2]

DRIVING PRIVILEGES

(Court-ordered or Recommended)

809.200 [1983 c.338 §389; repealed by 1987 c.730 §23]

809.210 Suspension or restriction of driving privileges for failure to pay fine or obey court order; exceptions. (1) A court may do any of the following if the defendant is convicted of any traffic offense and fails or refuses to pay a fine imposed by the judge or to comply with any condition upon which payment of the fine or any part of it was suspended:

(a) Issue notice to the Motor Vehicles Division to implement procedures under ORS 809.290.

(b) Order a defendant's driving privileges restricted.

(2) The authority granted in this section is in addition to or instead of any other method authorized by law for enforcing a court order.

(3) If a court places restrictions on driving privileges under this section:

(a) The judge shall immediately advise the division of the restrictions in writing.

(b) Upon removal of such restriction, the court shall notify the division in writing that the restriction is ended.

(c) The restriction shall remain in effect until ended by the court.

(d) The division shall take action as provided under ORS 807.120 on restrictions imposed under this section.

(e) The restrictions may include any restriction, condition or requirement.

(f) Violation of the restriction is punishable as provided under ORS 807.010.

(4) If a judge issues notice to implement procedures under ORS 809.290 as provided under this section:

(a) The judge shall immediately send to the division notice upon payment of the fine as ordered.

(b) The division shall take action on the suspension as provided under ORS 809.290.

(5) A court shall not issue notice under this section to implement procedures under ORS 809.290 for failure to pay a fine relating to any parking offense, pedestrian offense or bicycling offense. [1983 c.338 §387; 1985 c.16 §203; 1985 c.669 §13; 1991 c.702 §5]

809.220 Failure to appear; suspension or other procedures. This section establishes procedures that are applicable if a person fails to comply with ORS 153.540. All of the following apply to this section:

(1) If a defendant fails to comply with ORS 153.540, a court:

(a) Shall issue notice to the division to suspend for failure to appear if the defendant has not complied with ORS 153.540 (1). If a court issues notice under this paragraph, the division shall suspend the driving privileges of the person as provided under ORS 809.280.

(b) Shall issue notice to the Motor Vehicles Division to implement procedures under ORS 809.290 if the defendant has not complied with ORS 153.540 (2). If a court issues notice under this paragraph, the division shall implement procedures under ORS 809.290.

(2) In any notice to the division under this section, a court shall certify that the defendant failed to comply with ORS 153.540.

(3) Subject to subsection (4) of this section, at any time within five years from the date of a notice to suspend for failure to appear given to the division under this section, a court shall give a second notice to the division to terminate a suspension resulting from the original notice if any of the following occur:

(a) The bail or fine set by the court is paid.

(b) The court finds the defendant not guilty or orders a dismissal of the case.

(c) The court determines that the suspension for failure to pay or appear should be terminated for good cause.

(4) If a court takes any action under this section, the court shall not issue a notice terminating the action until the person pays the court or the clerk of the court a \$15 reinstatement fee. All fees paid under this subsection shall be disposed of as provided in ORS 153.630 (1) for the disposition of costs.

(5) Notifications by a court to the division under this section shall be in a form prescribed by the division.

(6) A court shall not notify the division under this section for failure to appear on any parking, pedestrian or bicyclist offense. [1983 c.338 §393; 1985 c.16 §209; 1985 c.669 §15; 1989 c.161 §1; 1991 c.702 §6]

809.230 Court suspension or revocation of nonresident driving privileges. A court may suspend or revoke the driving privileges to operate a motor vehicle in this state of any nonresident for any cause for which the driving privileges of a resident of this state may be suspended or revoked. [1983 c.338 §394]

809.240 Court imposition of suspension or revocation; taking possession of license or permit; temporary permit. (1) If a person is convicted of an offense that will result in mandatory suspension or revocation under ORS 809.410, 813.400 or 813.403, the trial judge shall:

(a) Impose the revocation or suspension at the time of conviction for the required period; and

(b) Comply with the requirements under ORS 809.250 to take possession of the license or driver permit of the person.

(2) When necessary to give full effect to this section, a court shall issue a temporary driver permit under ORS 807.320. [1983 c.338 §395; 1985 c.16 §210; 1991 c.185 §5]

809.250 Court to take possession of license or permit; effective date of suspension or revocation. (1) A court shall take immediate possession of any license or driver permit held by a defendant that is issued by any jurisdiction if the court imposes a suspension under ORS 809.120, 809.240 or 809.270.

(2) Upon taking possession of a license or permit under this section, a court shall immediately forward to the division the license or permit and a copy of the suspension or revocation order.

(3) A suspension or revocation of driving privileges becomes effective on the date a court takes possession of a license or permit under this section or orders the suspension or revocation. [1983 c.338 §396; 1985 c.669 §14; 1987 c.730 §14]

809.260 Denial of driving privileges for convicted juvenile. (1) Whenever a person

who is 17 years of age or younger, but not younger than 13 years of age, is convicted of any offense described in this subsection or determined by a juvenile court to have committed one of the described offenses, the court in which the person is convicted shall prepare and send to the Motor Vehicles Division, within 24 hours of the conviction or determination, an order of denial of driving privileges for the person so convicted. This section applies to any crime, violation, infraction or other offense involving the possession, use or abuse of alcohol or controlled substances.

(2) If a court has issued an order of denial of driving privileges under this section, the court, upon petition of the person, may review the order and may withdraw the order at any time the court deems appropriate except as provided in the following:

(a) A court may not withdraw an order for a period of 90 days following the issuance of the order if it is the first such order issued with respect to the person.

(b) A court may not withdraw an order for a period of one year following the issuance of the order if it is the second or subsequent such order issued with respect to the person.

(3) Upon receipt of an order under this section the Motor Vehicles Division shall take action as directed under ORS 809.280. [1985 c.16 §206]

Note: The amendments to 809.260 by section 3, chapter 835, Oregon Laws 1991, take effect October 1, 1992. See section 9, chapter 835, Oregon Laws 1991. The text in effect on and after October 1, 1992, is set forth for the user's convenience.

809.260. (1) Whenever a person who is 17 years of age or younger, but not younger than 13 years of age, is convicted of any offense described in this subsection or determined by a juvenile court to have committed one of the described offenses, the court in which the person is convicted shall prepare and send to the Motor Vehicles Division, within 24 hours of the conviction or determination, an order of denial of driving privileges for the person so convicted. This section applies to any crime, violation, infraction or other offense involving the delivery, manufacture or possession of controlled substances or the possession, use or abuse of alcohol.

(2) If a court has issued an order of denial of driving privileges under this section, the court, upon petition of the person, may review the order and may withdraw the order at any time the court deems appropriate except as provided in the following:

(a) A court may not withdraw an order for a period of 90 days following the issuance of the order if it is the first such order issued with respect to the person.

(b) A court may not withdraw an order for a period of one year following the issuance of the order if it is the second or subsequent such order issued with respect to the person.

(c) Notwithstanding paragraph (a) of this subsection, a court may not withdraw an order for a period of six months if the order is based on a determination or conviction involving controlled substances.

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is any error in the application it may be returned to the county auditor or other agent to effectively secure the correction of such error, who shall return the same corrected to the director.

(2) Application for the renewal of a vehicle license shall be made to the director or his agents, including county auditors, by the registered owner on a form prescribed by the director. The application must be accompanied by the certificate of registration for the last registration period in which the vehicle was registered in Washington unless the applicant submits a preprinted application mailed from Olympia, and the payment of such license fees and excise tax as may be required by law. Such application shall be handled in the same manner and the fees transmitted to the state treasurer in the same manner as in the case of an original application. Any such application which upon validation becomes a renewal certificate need not have entered upon it the name of the lien holder, if any, of the vehicle concerned.

(3) Persons expecting to be out of the state during the normal forty-five day renewal period of a vehicle license may secure renewal of such vehicle license for a period of thirty days prior thereto and have license plates or tabs preissued by making application to the director or his agents upon forms prescribed by the director. The application must be accompanied by the certificate of registration for the last registration period in which the vehicle was registered in Washington and be accompanied by such license fees, including a special handling fee of two dollars; one dollar to be retained by the issuing agency, and one dollar to be deposited in the highway safety fund, and excise tax as may be required by law.

(4) Application for the annual renewal of a vehicle license number plate to the director or his agents shall not be required for those vehicles owned, rented, or leased by the state of Washington, or by any county, city, town, school district, or other political subdivision of the state of Washington. [1977 c 8 § 1. Prior: 1975 1st ex.s. c 169 § 6; 1975 1st ex.s. c 118 § 8; 1969 ex.s. c 75 § 1; 1961 c 12 § 46.16.210; prior: 1957 c 273 § 5; 1955 c 89 § 2; 1953 c 252 § 3; 1947 c 164 § 11; 1937 c 188 § 34; Rem. Supp. 1947 § 6312-34.]

Effective date—Severability—1975 1st ex.s. c 118: See notes following RCW 46.16.006.

46.16.212 Notice of liability insurance requirement.

The department of licensing shall notify the public of the requirements of RCW 46.30.020 through 46.30.040 at the time of new vehicle registration and when the department sends a registration renewal notice. [1989 c 353 § 10.]

Severability—Effective date—1989 c 353: See RCW 46.30.900 and 46.30.901.

46.16.216 Payment of parking fines required for renewal. (1) To renew a vehicle license, an applicant shall satisfy all listed standing, stopping, and parking violations for the vehicle incurred while the vehicle was registered in the applicant's name and forwarded to the department pursuant to RCW 46.20.270(3). For the purposes of this section, "listed" standing, stopping, and parking violations include only those violations for which notice has been

received from local agencies by the department one hundred twenty days or more before the date the vehicle license expires and that are placed on the records of the department. Notice of such violations received by the department later than one hundred twenty days before that date that are not satisfied shall be considered by the department in connection with any applications for license renewal in any subsequent license year. The renewal application may be processed by the department or its agents only if the applicant:

(a) Presents a preprinted renewal application showing no listed standing, stopping, and parking violations, or in the absence of such presentation, the agent verifies the information that would be contained on the preprinted renewal application; or

(b) If listed standing, stopping, and parking violations exist, presents proof of payment and pays a fifteen dollar surcharge.

(2) The surcharge shall be allocated as follows:

(a) Ten dollars shall be deposited in the motor vehicle fund to be used exclusively for the administrative costs of the department of licensing; and

(b) Five dollars shall be retained by the agent handling the renewal application to be used by the agent for the administration of this section.

(3) If there is a change in the registered owner of the vehicle, the department shall forward the information regarding the change to the local charging jurisdiction and release any hold on the renewal of the vehicle license resulting from parking violations incurred while the certificate of license registration was in a previous registered owner's name.

(4) The department shall send to all registered owners of vehicles who have been reported to have outstanding listed parking violations, at the time of renewal, a statement setting out the dates and jurisdictions in which the violations occurred as well as the amounts of unpaid fines and penalties relating to them and the surcharge to be collected. [1990 2nd ex.s. c 1 § 401; 1984 c 224 § 1.]

Severability—1990 2nd ex.s. c 1: See note following RCW 82.14.300.

Severability—1984 c 224: "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [1984 c 224 § 5.]

Effective date—1984 c 224: "This act shall take effect on July 1, 1984." [1984 c 224 § 6.]

46.16.220 Time of renewal of licenses—Duration.

Vehicle licenses and vehicle license number plates may be renewed for the subsequent registration year on and after the forty-fifth day prior to the end of the current registration year and must be used and displayed from the date of issue or from the day of the expiration of the preceding registration year, whichever date is later. [1991 c 339 § 20; 1975 1st ex.s. c 118 § 9; 1969 ex.s. c 170 § 9; 1961 c 12 § 46.16.220. Prior: 1957 c 261 § 8; 1955 c 89 § 1; 1953 c 252 § 4; 1947 c 164 § 12; 1937 c 188 § 35; Rem. Supp. 1947 § 6312-35; 1921 c 96 § 7, part; RRS § 6318, part; 1921 c 6 § 1, part; 1916 c 142 § 7, part.]

Effective date—Severability—1975 1st ex.s. c 118: See notes following RCW 46.16.006.

(6) Any person licensed as a driver under this chapter may exercise the privilege thereby granted upon all streets and highways in this state and shall not be required to obtain any other license to exercise such privilege by any county, municipal or local board, or body having authority to adopt local police regulations. [1991 c 293 § 3; 1991 c 73 § 1; 1990 c 250 § 33; 1988 c 88 § 1; 1985 c 302 § 2; 1979 ex.s. c 136 § 53; 1965 ex.s. c 121 § 2.]

Rules of court: Bail in criminal traffic offense cases—Mandatory appearance—CrRLJ 3.2.

Reviser's note: (1) This section was amended by 1991 c 73 § 1 and by 1991 c 293 § 3, each without reference to the other. Both amendments are incorporated in the publication of this section pursuant to RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

(2) Throughout chapter 46.20 RCW the phrases "this 1965 amendatory act" and "this act" have been changed to "this chapter." The 1965 amendatory act [1965 ex.s. c 121] consisted of RCW 46.20.021 through 46.20.055, 46.20.091, 46.20.161 through 46.20.181, 46.20.205, 46.20.207, 46.20.215, 46.20.285, 46.20.291, 46.20.305 through 46.20.315, 46.20.322 through 46.20.336, 46.20.342 through 46.20.344, 46.20.900, 46.20.910, and 46.64.025, the 1965 amendments to RCW 46.20.102 through 46.20.106, 46.20.120 through 46.20.140, 46.20.190, 46.20.200, 46.20.270, and 46.20.340 and 1965 ex.s. c 121 § 1, footnoted after RCW 46.20.021.

Severability—1990 c 250: See note following RCW 46.16.301.

Effective date—Severability—1979 ex.s. c 136: See notes following RCW 46.63.010.

Purpose—Construction—1965 ex.s. c 121: "With the advent of greatly increased interstate vehicular travel and the migration of motorists between the states, the legislature recognizes the necessity of enacting driver licensing laws which are reasonably uniform with the laws of other states and are at the same time based upon sound, realistic principles, stated in clear explicit language. To achieve these ends the legislature does hereby adopt this 1965 amendatory act relating to driver licensing modeled after the Uniform Vehicle Code subject to such variances as are deemed better suited to the people of this state. It is intended that this 1965 amendatory act be liberally construed to effectuate the purpose of improving the safety of our highways through driver licensing procedures within the framework of the traditional freedoms to which every motorist is entitled." [1965 ex.s. c 121 § 1.] For application of this section see reviser's note above.

Impoundment of vehicle for driver's license violations—Release, when—Court hearing: RCW 46.20.435.

License plates and registration, confiscation and marking: RCW 46.16.710.

46.20.022 Unlicensed drivers—Subject to all provisions of Title 46 RCW. Any person who operates a motor vehicle on the public highways of this state without a driver's license or nonresident privilege to drive shall be subject to all of the provisions of Title 46 RCW to the same extent as a person who is licensed. [1975-'76 2nd ex.s. c 29 § 1.]

Allowing unauthorized person to drive: RCW 46.16.011, 46.20.344.

46.20.025 Persons exempt from licensing requirement. The following persons are exempt from license hereunder:

(1) Any person in the service of the army, navy, air force, marine corps, or coast guard of the United States, or in the service of the national guard of this state or any other state, when furnished with a driver's license by such service when operating an official motor vehicle in such service;

(2) A nonresident who is at least sixteen years of age and who has in his immediate possession a valid driver's license issued to him in his home state;

(3) A nonresident who is at least sixteen years of age and who has in his immediate possession a valid driver's license issued to him in his home country may operate a

motor vehicle in this state for a period not to exceed one year;

(4) Any person operating special highway construction equipment as defined in RCW 46.16.010;

(5) Any person while driving or operating any farm tractor or implement of husbandry which is only incidentally operated or moved over a highway;

(6) Any person while operating a locomotive upon rails, including operation on a railroad crossing over a public highway; and such person is not required to display a driver's license to any law enforcement officer in connection with the operation of a locomotive or train within this state. [1979 c 75 § 1; 1965 ex.s. c 121 § 3.]

46.20.027 Licenses of persons serving in armed forces to remain in force—Duration. A Washington state motor vehicle driver's license issued to any person serving in the armed forces of the United States, if valid and in force and effect while such person is serving in the armed forces, shall remain in full force and effect so long as such service continues unless the same is sooner suspended, canceled, or revoked for cause as provided by law and for not to exceed ninety days following the date on which the holder of such driver's license is honorably separated from service in the armed forces of the United States. [1967 c 129 § 1.]

46.20.031 Persons ineligible to be licensed. The department shall not issue a driver's license hereunder:

(1) To any person who is under the age of sixteen years;

(2) To any person whose license has been suspended during such suspension, nor to any person whose license has been revoked, except as provided in RCW 46.20.311;

(3) To any person when the department has been notified by a court that such person has violated his written promise to appear in court, unless the department has received a certificate from the court in which such person promised to appear, showing that the case has been adjudicated. The deposit of bail by a person charged with a violation of any law regulating the operation of motor vehicles on highways shall be deemed an appearance in court for the purpose of this section;

(4) To any person who has been evaluated by a program approved by the department of social and health services as being an alcoholic, drug addict, alcohol abuser and/or drug abuser: PROVIDED, That a license may be issued if the department determines that such person has been granted a deferred prosecution, pursuant to chapter 10.05 RCW, or is satisfactorily participating in or has successfully completed an alcohol or drug abuse treatment program approved by the department of social and health services and has established control of his or her alcohol and/or drug abuse problem;

(5) To any person who has previously been adjudged to be mentally ill or insane, or to be incompetent due to any mental disability or disease, and who has not at the time of application been restored to competency by the methods provided by law: PROVIDED, HOWEVER, That no person so adjudged shall be denied a license for such cause if the superior court should find him able to operate a motor vehicle with safety upon the highways during such incompetency;

(6) To any person who is required by this chapter to take an examination, unless such person shall have successfully passed such examination;

(7) To any person who is required under the laws of this state to deposit proof of financial responsibility and who has not deposited such proof;

(8) To any person when the department has good and substantial evidence to reasonably conclude that such person by reason of physical or mental disability would not be able to operate a motor vehicle with safety upon the highways; subject to review by a court of competent jurisdiction. [1985 c 101 § 1; 1977 ex.s. c 162 § 1; 1965 ex.s. c 121 § 4.]

Allowing unauthorized person to drive: RCW 46.16.011, 46.20.344.

Juvenile driving privileges, alcohol or drug violations: RCW 66.44.365, 69.50.420.

46.20.041 Physically or mentally disabled person.—Procedure—Restrictions—Violations—Penalty. (1) The department shall permit any person suffering from any physical or mental disability or disease which may affect that person's ability to drive a motor vehicle, to demonstrate personally that notwithstanding such disability or disease he or she is a proper person to drive a motor vehicle. The department may in addition require such person to obtain a certificate showing his or her condition signed by a licensed physician or other proper authority designated by the department. The certificate shall be for the confidential use of the director and the chief of the Washington state patrol and for such other cognizant public officials as may be designated by law. It shall be exempt from public inspection and copying notwithstanding the provisions of chapter 42.17 RCW. The certificate may not be offered as evidence in any court except when appeal is taken from the order of the director suspending, revoking, canceling, or refusing a vehicle driver's license. However, the certificate may be made available to the director of the department of retirement systems for use in determining eligibility for or continuance of disability benefits and it may be offered and admitted as evidence in any administrative proceeding or court action concerning such disability benefits.

(2) The department may issue a driver's license to such a person imposing restrictions suitable to the licensee's driving ability with respect to the special mechanical control devices required on a motor vehicle or the type of motor vehicle which the licensee may operate or such other restrictions applicable to the licensee as the department may determine to be appropriate to assure the safe operation of a motor vehicle by the licensee.

(3) The department may either issue a special restricted license or may set forth such restrictions upon the usual license form.

(4) The department may upon receiving satisfactory evidence of any violation of the restrictions of such license suspend or revoke the same but the licensee shall be entitled to a driver improvement interview and a hearing as upon a suspension or revocation under this chapter.

(5) It is a traffic infraction for any person to operate a motor vehicle in any manner in violation of the restrictions imposed in a restricted license issued to him or her. [1986 c 176 § 1; 1979 ex.s. c 136 § 54; 1979 c 61 § 2; 1965 ex.s. c 121 § 5.]

Effective date—Severability—1979 ex.s. c 136: See notes following RCW 46.63.010.

46.20.045 Age limit for school bus drivers and drivers of for hire vehicles. No person who is under the age of eighteen years shall drive any school bus transporting school children or shall drive any motor vehicle when in use for the transportation of persons for compensation. [1971 ex.s. c 292 § 43; 1965 ex.s. c 121 § 6.]

Severability—1971 ex.s. c 292: See note following RCW 26.28.010.

46.20.055 Instruction permits and temporary licenses. (1) Any person who is at least fifteen and a half years of age may apply to the department for an instruction permit for the operation of any motor vehicle except a motorcycle. Any person sixteen years of age or older, holding a valid driver's license, may apply for an instruction permit for the operation of a motorcycle. The department may in its discretion, after the applicant has successfully passed all parts of the examination other than the driving test, issue to the applicant a driver's or motorcyclist's instruction permit.

(a) A driver's instruction permit entitles the permittee while having the permit in immediate possession to drive a motor vehicle upon the public highways for a period of one year when accompanied by a licensed driver who has had at least five years of driving experience and is occupying a seat beside the driver. Except as provided in subsection (c) of this subsection, only one additional permit, valid for one year, may be issued.

(b) A motorcyclist's instruction permit entitles the permittee while having the permit in immediate possession to drive a motorcycle upon the public highways for a period of ninety days as provided in *RCW 46.20.510(3). Except as provided in subsection (c) of this subsection, only one additional permit, valid for ninety days, may be issued.

(c) The department after investigation may issue a third driver's or motorcyclist's instruction permit when it finds that the permitter is diligently seeking to improve driving proficiency.

(2) The department may waive the examination, except as to eyesight and other potential physical restrictions, for any applicant who is enrolled in either a traffic safety education course as defined by RCW 28A.220.020(2) or a course of instruction offered by a licensed driver training school as defined by RCW 46.82.280(1) at the time the application is being considered by the department. The department may require proof of registration in such a course as it deems necessary.

(3) The department upon receiving proper application may in its discretion issue a driver's instruction permit to an applicant who is at least fifteen years of age and is enrolled in a traffic safety education program which includes practice driving and which is approved and accredited by the superintendent of public instruction. Such instruction permit shall entitle the permittee having the permit in immediate possession to drive a motor vehicle only when an approved instructor or other licensed driver with at least five years of driving experience, is occupying a seat beside the permittee.

(4) The department may in its discretion issue a temporary driver's permit to an applicant for a driver's license permitting the applicant to drive a motor vehicle for a period

for any offense or violation except either when the offense or violation is committed in his or her presence or when a person may be arrested pursuant to RCW 10.31.100, as now or hereafter amended. The detention arising from an arrest under this section may not be for a period of time longer than is reasonably necessary to issue and serve a citation and notice, except that the time limitation does not apply under any of the following circumstances:

(1) Where the arrested person refuses to sign a written promise to appear in court as required by the citation and notice provisions of this section;

(2) Where the arresting officer has probable cause to believe that the arrested person has committed any of the offenses enumerated in RCW 10.31.100(3), as now or hereafter amended;

(3) When the arrested person is a nonresident and is being detained for a hearing under RCW 46.64.035. [1987 c 345 § 2; 1985 c 303 § 11; 1979 ex.s. c 28 § 2; 1975-'76 2nd ex.s. c 95 § 2; 1975 c 56 § 1; 1967 c 32 § 70; 1961 c 12 § 46.64.015. Prior: 1951 c 175 § 1.]

46.64.018 Arrest without warrant for certain traffic offenses. See RCW 10.31.100.

46.64.020 Nonappearance after written promise—Penalty—Response by mail, when. (1) The legislature finds that:

(a) Traffic laws are necessary for the safe and expeditious flow of motor vehicle traffic.

(b) For traffic laws to be effective, they must be judiciously and fairly enforced. This enforcement includes the issuance of notices of infraction and citations and the assessment of fines and penalties.

(c) The adjudication of notices of infraction through a written and signed promise to respond, and of citations through a written and signed promise to appear, as provided in this title is an integral and important part of the traffic law system.

(d) Approximately twenty percent of all people issued notices of infraction and citations violate their written and signed promise to respond or appear and obtain notices of failure to respond or appear on their driving records. Through their actions, these people are destroying the effectiveness of the traffic law system and undermining the department of licensing regulatory control of drivers' licenses.

(e) Notices of failure to respond or appear accumulated on a person's driving record shall be considered if they were issued after July 25, 1987.

(2) Any person violating his or her written and signed promise to appear in court or his or her written and signed promise to respond to a notice of traffic infraction, as provided in this title, is guilty of a misdemeanor regardless of the disposition of the charge upon which he or she was originally arrested or the disposition of the notice of infraction: PROVIDED, That a written promise to appear in court or a written promise to respond to a notice of traffic infraction may be complied with by an appearance by counsel: PROVIDED FURTHER, That a person charged under RCW 46.20.021 with driving with an expired driver's license may respond by mailing to the court within fifteen days of the

violation, a copy of the person's currently valid driver's license. Any person who has been issued a notice of infraction pursuant to RCW 46.63.030(3) and who fails to respond as provided in this title is guilty of a misdemeanor regardless of the disposition of the notice of infraction. [1992 c 32 § 1; 1990 c 250 § 61; 1990 c 210 § 1; 1988 c 38 § 1; 1987 c 345 § 1; 1986 c 213 § 1; 1980 c 128 § 8; 1961 c 12 § 46.64.020. Prior: 1937 c 189 § 146; RRS § 6360-146.]

Rules of court: Bail in criminal traffic offense cases—Mandatory appearance—CrRLJ 3.2.

Severability—1990 c 250: See note following RCW 46.16.301.

Effective date—Severability—1980 c 128: See notes following RCW 46.63.060.

46.64.025 Nonappearance after written promise—Notice to department. Whenever any person has for a period of fifteen or more days violated his written promise to appear in court, the court in which the defendant so promised to appear shall forthwith give notice of such fact to the department of licensing. Whenever thereafter the case in which such promise was given is adjudicated the court hearing the case shall file with the department a certificate showing that the case has been adjudicated. [1979 c 158 § 175; 1967 c 32 § 71; 1965 ex.s. c 121 § 23.]

Severability—1965 ex.s. c 121: See RCW 46.20.910.

Purpose—Construction—1965 ex.s. c 121: See note following RCW 46.20.021.

46.64.027 Failure to comply. (1) A person who drives a motor vehicle within the state and has accumulated two or more notices of failure to appear or respond on his or her driving record maintained by the department of licensing in a five-year period as a result of noncompliance with the traffic laws in a jurisdiction or court within Washington, or in a jurisdiction or court within other states that are signatories with Washington in a nonresident violator compact or reciprocal agreement under chapter 46.23 RCW, is guilty of failure to comply, a gross misdemeanor. A person is not subject to this section for failure to pay a penalty for a pedestrian, bicycling, or parking offense.

(2) Probable cause for arrest under this section is established by the officer obtaining, orally or in writing, information from the department of licensing that two or more notices of failure to appear or respond are on the person's driving record. For purposes of this chapter, failure to satisfy a penalty imposed under this title is considered equivalent to failure to appear or respond.

(3) Venue for prosecution is in the court with jurisdiction in the area of apprehension. [1992 c 32 § 2.]

46.64.030 Procedure governing arrest and prosecution. The provisions of this title with regard to the apprehension and arrest of persons violating this title shall govern all police officers in making arrests without a warrant for violations of this title for offenses either committed in their presence or believed to have been committed based on probable cause pursuant to RCW 10.31.100, but the procedure prescribed herein shall not otherwise be exclusive of any other method prescribed by law for the arrest and prosecution of a person for other like offenses. [1979 ex.s.

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at the discretion of the judge in the criminal proceeding. To award these reasonable costs the trier of fact must find that the defendant's claim of self-defense was sustained by a preponderance of the evidence: PROVIDED, HOWEVER, That nothing shall preclude the legislature from granting a higher award through the sundry claims process.

(3) Whenever the issue of self defense under this section is decided by a judge or whenever a judge exercises the discretion authorized under subsection (2) of this section in determining an award, the judge shall consider the same questions as must be answered in the special verdict under subsection (4) of this section.

(4) Whenever the issue of self defense under this section has been submitted to a jury, and the jury has found the defendant not guilty, and the judge has submitted an award determination to the jury, the court shall instruct the jury to return a special verdict in substantially the following form:

- | | | |
|--|-----------|--|
| | answer | |
| | yes or no | |
| 1. Was the finding of not guilty based upon self defense? | | |
| 2. If your answer to question 1 is no, do not answer the remaining question. | | |
| 3. If your answer to question 1 is yes, was the defendant: | | |
| a. Protecting himself or herself? | | |
| b. Protecting his or her family? | | |
| c. Protecting his or her property? | | |
| d. Coming to the aid of another who was in imminent danger of a heinous crime? | | |
| e. Coming to the aid of another who was the victim of a heinous crime? | | |

[1989 c 94 § 1; 1977 ex.s. c 206 § 8. Formerly RCW 9.01.200.]

Use of deadly force—Legislative recognition: See note following RCW 9A.16.040.

Chapter 9A.20
CLASSIFICATION OF CRIMES

Sections

- 9A.20.010 Classification and designation of crimes.
- 9A.20.020 Authorized sentences for crimes committed before July 1, 1984.
- 9A.20.021 Maximum sentences for crimes committed July 1, 1984, and after.
- 9A.20.030 Alternative to a fine—Restitution.
- 9A.20.040 Prosecutions related to felonies defined outside Title 9A RCW.

Assessments required of convicted persons
offender supervision: RCW 9.94A.270.
parolees: RCW 72.04A.120.
probationers: RCW 10.64.120.

9A.20.010 Classification and designation of crimes.

(1) Classified Felonies. (a) The particular classification of each felony defined in Title 9A RCW is expressly designated in the section defining it.

(b) For purposes of sentencing, classified felonies are designated as one of three classes, as follows:

- (i) Class A felony; or

- (ii) Class B felony; or
- (iii) Class C felony.

(2) Misdemeanors and Gross Misdemeanors. (a) Any crime punishable by a fine of not more than one thousand dollars, or by imprisonment in a county jail for not more than ninety days, or by both such fine and imprisonment is a misdemeanor. Whenever the performance of any act is prohibited by any statute, and no penalty for the violation of such statute is imposed, the committing of such act shall be a misdemeanor.

(b) All crimes other than felonies and misdemeanors are gross misdemeanors. [1984 c 258 § 808; 1975 1st ex.s. c 260 § 9A.20.010.]

Court Improvement Act of 1984—Effective dates—Severability—Short title—1984 c 258: See notes following RCW 3.30.010.

9A.20.020 Authorized sentences for crimes committed before July 1, 1984. (1) Felony. Every person convicted of a classified felony shall be punished as follows:

(a) For a class A felony, by imprisonment in a state correctional institution for a maximum term fixed by the court of not less than twenty years, or by a fine in an amount fixed by the court of not more than fifty thousand dollars, or by both such imprisonment and fine;

(b) For a class B felony, by imprisonment in a state correctional institution for a maximum term of not more than ten years, or by a fine in an amount fixed by the court of not more than twenty thousand dollars, or by both such imprisonment and fine;

(c) For a class C felony, by imprisonment in a state correctional institution for a maximum term of not more than five years, or by a fine in an amount fixed by the court of not more than ten thousand dollars, or by both such imprisonment and fine.

(2) Gross Misdemeanor. Every person convicted of a gross misdemeanor defined in Title 9A RCW shall be punished by imprisonment in the county jail for a maximum term fixed by the court of not more than one year, or by a fine in an amount fixed by the court of not more than five thousand dollars, or by both such imprisonment and fine.

(3) Misdemeanor. Every person convicted of a misdemeanor defined in Title 9A RCW shall be punished by imprisonment in the county jail for a maximum term fixed by the court of not more than ninety days, or by a fine in an amount fixed by the court of not more than one thousand dollars, or by both such imprisonment and fine.

(4) This section applies to only those crimes committed prior to July 1, 1984. [1982 c 192 § 9; 1981 c 137 § 37; 1975-'76 2nd ex.s. c 38 § 2; 1975 1st ex.s. c 260 § 9A.20.020.]

Severability—1981 c 137: See RCW 9.94A.910.

Effective date—Severability—1975-'76 2nd ex.s. c 38: See notes following RCW 9A.08.020.

Penalty assessments in addition to fine or bail forfeiture—Crime victim and witness programs in county: RCW 7.68.035.

9A.20.021 Maximum sentences for crimes committed July 1, 1984, and after. (1) Felony. No person convicted of a classified felony shall be punished by confinement or fine exceeding the following:

(a) For a class A felony, by confinement in a state correctional institution for a term of life imprisonment, or by a fine in an amount fixed by the court of fifty thousand dollars, or by both such confinement and fine;

(b) For a class B felony, by confinement in a state correctional institution for a term of ten years, or by a fine in an amount fixed by the court of twenty thousand dollars, or by both such confinement and fine;

(c) For a class C felony, by confinement in a state correctional institution for five years, or by a fine in an amount fixed by the court of ten thousand dollars, or by both such confinement and fine.

(2) Gross misdemeanor. Every person convicted of a gross misdemeanor defined in Title 9A RCW shall be punished by imprisonment in the county jail for a maximum term fixed by the court of not more than one year, or by a fine in an amount fixed by the court of not more than five thousand dollars, or by both such imprisonment and fine.

(3) Misdemeanor. Every person convicted of a misdemeanor defined in Title 9A RCW shall be punished by imprisonment in the county jail for a maximum term fixed by the court of not more than ninety days, or by a fine in an amount fixed by the court of not more than one thousand dollars, or by both such imprisonment and fine.

(4) This section applies to only those crimes committed on or after July 1, 1984. [1982 c 192 § 10.]

Penalty assessments in addition to fine or bail forfeiture—Crime victim and witness programs in county: RCW 7.68.035.

9A.20.030 Alternative to a fine—Restitution. (1) If a person has gained money or property or caused a victim to lose money or property through the commission of a crime, upon conviction thereof or when the offender pleads guilty to a lesser offense or fewer offenses and agrees with the prosecutor's recommendation that the offender be required to pay restitution to a victim of an offense or offenses which are not prosecuted pursuant to a plea agreement, the court, in lieu of imposing the fine authorized for the offense under RCW 9A.20.020, may order the defendant to pay an amount, fixed by the court, not to exceed double the amount of the defendant's gain or victim's loss from the commission of a crime. Such amount may be used to provide restitution to the victim at the order of the court. It shall be the duty of the prosecuting attorney to investigate the alternative of restitution, and to recommend it to the court, when the prosecuting attorney believes that restitution is appropriate and feasible. If the court orders restitution, the court shall make a finding as to the amount of the defendant's gain or victim's loss from the crime, and if the record does not contain sufficient evidence to support such finding the court may conduct a hearing upon the issue. For purposes of this section, the terms "gain" or "loss" refer to the amount of money or the value of property or services gained or lost.

(2) Notwithstanding any other provision of law, this section also applies to any corporation or joint stock association found guilty of any crime. [1982 1st ex.s. c 47 § 12; 1979 c 29 § 3; 1975 1st ex.s. c 260 § 9A.20.030.]

Severability—1982 1st ex.s. c 47: See note following RCW 9A.1.190.

Restitution

condition of probation: RCW 9.95.210.

condition to suspending sentence: RCW 9.92.060.

(1992 E.L.)

disposition when victim dead or not found: RCW 7.68.290.

9A.20.040 Prosecutions related to felonies defined outside Title 9A RCW. In any prosecution under this title where the grade or degree of a crime is determined by reference to the degree of a felony for which the defendant or another previously had been sought, arrested, charged, convicted, or sentenced, if such felony is defined by a statute of this state which is not in Title 9A RCW, unless otherwise provided:

(1) If the maximum sentence of imprisonment authorized by law upon conviction of such felony is twenty years or more, such felony shall be treated as a class A felony for purposes of this title;

(2) If the maximum sentence of imprisonment authorized by law upon conviction of such felony is eight years or more, but less than twenty years, such felony shall be treated as a class B felony for purposes of this title;

(3) If the maximum sentence of imprisonment authorized by law upon conviction of such felony is less than eight years, such felony shall be treated as a class C felony for purposes of this title. [1975 1st ex.s. c 260 § 9A.20.040.]

Chapter 9A.28

ANTICIPATORY OFFENSES

Sections

9A.28.010 Prosecutions based on felonies defined outside Title 9A RCW.

9A.28.020 Criminal attempt.

9A.28.030 Criminal solicitation.

9A.28.040 Criminal conspiracy.

9A.28.010 Prosecutions based on felonies defined outside Title 9A RCW. In any prosecution under this title for attempt, solicitation, or conspiracy to commit a felony defined by a statute of this state which is not in this title, unless otherwise provided:

(1) If the maximum sentence of imprisonment authorized by law upon conviction of such felony is twenty years or more, such felony shall be treated as a class A felony for purposes of this title;

(2) If the maximum sentence of imprisonment authorized by law upon conviction of such felony is eight years or more but less than twenty years, such felony shall be treated as a class B felony for purposes of this title;

(3) If the maximum sentence of imprisonment authorized by law upon conviction of such felony is less than eight years, such felony shall be treated as a class C felony for purposes of this title. [1975 1st ex.s. c 260 § 9A.28.010.]

9A.28.020 Criminal attempt. (1) A person is guilty of an attempt to commit crime if, with intent to commit a specific crime, he does any act which is a substantial step toward the commission of that crime.

(2) If the conduct in which a person engages otherwise constitutes an attempt to commit a crime, it is no defense to a prosecution of such attempt that the crime charged to have

Alaska State Legislature

Legislative Research Agency



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April 2, 1991

MEMORANDUM

TO: Representative Robin Taylor

FROM: Christine M. Cheff *CWC*
Legislative Analyst

RE: Draft Bill -- Fines and Court Appearances
Research Request 91.193

You asked us to discuss the draft of your bill amending the Alaska Motor Vehicles Code with the California attorney general's office, comparing it to California Code Section 4009 upon which the amendments are based.¹

There appear to be some differences between the draft bill and the California statutes (Attachment A) which you might like to review before we contact the California attorney general. For instance, in California, penalties are attached to vehicle registration only for failure to pay parking fines, and then only after the vehicle owner or lessee has been properly notified. Also, we were unable to find a license revocation provision in the law. However, the court can impound for up to 30 days the license of persons convicted of an infraction if they fail to pay a fine. The attached table outlines the provisions in your draft and the California statutes (Attachment B).

We spoke with Bernard Lu, with the California Department of Motor Vehicles legal department, who did make one comment about your draft bill. He said that penalties for failure to pay fines should be differentiated between those for parking and moving violations. Because parking violations are recorded against vehicles, penalties should be attached to vehicle registration. Moving violations affect a person's driving privileges, therefore penalties should be attached to the driver's license.

Please let us know what further action you would like taken on this request. Don't hesitate to call if you have any questions.

Attachments

¹Motor Vehicles code sections AS 28.10.041, 28.15.031(b)(2), and 28.15.181(g) pertaining to penalties for failure to pay fines or to appear in court.

**COMPARISON TABLE: Alaska and California Motor Vehicle Codes
(Penalties for Failure to Appear or to Pay Fines)**

ALASKA		CALIFORNIA	
<u>Statute</u>	<u>Text</u>	<u>Statute</u>	<u>Text</u>
AS 28.10.041	Refuses registration to applicant who fails to appear in court or to pay fine for traffic or parking violation.	Sec.4760	Registration renewal can be refused if a notice of delinquent parking violations has been mailed to owner or lessee, and itemization of penalties and fees has been filed with the department.
AS 28.15.031(b)(2)	No original or duplicate driver's license, or renewal or reinstatement to person who fails to appear in court or who fails to pay a fine for a parking or moving violation.	Sec.40508	Willful violation of promise/continuance/ order to appear is a misdemeanor. Willful failure to pay fine for vehicle code violation is a misdemeanor.
AS 28.15.181(g)	After the court has provided 10 days written notice of impending license revocation, it may revoke the license of a person who fails to appear in court for a parking offense or moving violation.	Sec.40509	The court may impound the driver's license, for up to 30 days, of a person convicted of an infraction of the vehicle code who fails to pay a fine. (a) Magistrate or clerk may notify the Motor Vehicle Department if an order to appear in court has been violated for 15 days or more. (b) Magistrate or clerk may notify the Motor Vehicle Department of a person's failure to pay a fine for 15 days or more.
		Sec.40309.5	(a) and (b) same as Sec. 40509. (c) Court will mail courtesy warning notice to defendant 10 days before sending notice to the department.

Alaska State Legislature

Legislative Research Agency



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February 23, 1993

MEMORANDUM

TO: Senator Robin Taylor

FROM: Christine M. Cheff *CME*
Legislative Analyst

RE: **Sanctions for Failure to Pay Traffic Fines or Make Court Appearances**
Research Request 93.116

You asked about the Hawaii, Oregon and Washington laws which pertain to sanctions imposed for failure to pay traffic fines or to make related court appearances. Additionally, you wanted to know if there were any problems with implementation of the laws, and whether driver's license revocation and nonrenewal of vehicle registration are effective sanctions. Your request is related to draft legislation that is modeled on California Vehicle Code 40509.

From our analysis of the Hawaii, Oregon and Washington laws it is clear that a **differentiation is made between a parking violation sanction, generally nonrenewal of vehicle registration, and a moving violation sanction which affects driving privileges.** That differentiation was also noted in our previous analysis of the California law upon which your draft bill is based.¹

In the states you asked about, **Oregon is the only one which suspends a driver's license for failure to appear in court or to pay fines for moving traffic violations,** whereas, Hawaii and Washington have nonrenewal provisions. None of the three states suspend vehicle registrations for failure to pay parking fines. **Washington does, however, have a proviso against renewal of a vehicle registration if the registrant has more than two outstanding parking violations.**

¹Christine Cheff, "Draft Bill -- Fines and Court Appearances," Legislative Research Agency Memorandum 91.193, 1991.

Senator Taylor
February 23, 1993
Page 2

No legal opinions related to the sanction laws appear to have been issued, either by the courts or by the states' attorneys general.²

Although we spoke with court personnel about the effectiveness of sanctions, most of the information we obtained was from persons employed in the driver's license and motor vehicle registration departments in each state. The primary responsibility for enforcing court suspensions or nonrenewal orders, as well as for maintaining recordkeeping systems, falls to those departments. The persons with whom we spoke were knowledgeable concerning the application of sanctions and provided general overviews of their effectiveness. Although we were unable to determine what initial problems may have been encountered with implementing the sanctions programs, the principal recommendation we received from the departments contacted was that an automated recordkeeping system and communications link should be in place before implementation.

Summaries of our contacts with the staff of various agencies and of the individual state laws are provided below:

Hawaii

Highway Safety Code Section 286-109 provides that anyone who fails to respond to a traffic citation or summons for violation of traffic laws, or who fails to comply with orders of the court, may be denied issuance or renewal of a driver's license. There is no provision for revocation or suspension of driving privileges.

The municipal courts on each island are responsible for notifying the respective traffic violations divisions about outstanding fines or citations. That information is entered into a computerized recordkeeping system which serves as the checkpoint when a person makes application for or attempts to renew a driver's license. Although each island has a traffic violations division, there is no electronic link between their recordkeeping systems. According to Milton Hee, manager of the Honolulu Traffic Violations section, the computer systems throughout the islands are very old and it is, therefore, impossible to track the number of persons currently on suspension or nonrenewal status. The only comprehensive source for that information is a computer printout. When an outstanding obligation has been satisfied, the court will issue a clearance notice to the traffic violation division and the person's name is removed from the computer.

²We conducted a WESTLAW search of the Attorney General Opinions and case law for Hawaii, Oregon and Washington, and called the Attorney General's office in Oregon.

Senator Taylor
February 23, 1993
Page 3

Hawaii does not have a statutory provision for suspension or nonrenewal of a vehicle registration for outstanding parking fines. Persons who fail to respond to a summons or citation for an illegally parked vehicle may be issued a penal summons to appear in court (Traffic Code Section 291C-168). Failure to appear in court can result in the person's arrest (Traffic Code Section 291C-169).

Oregon

Under Oregon law (ORS 809.210 and 809.220), failure to appear (FTA) for a court hearing or to pay a traffic fine will result in the suspension of a person's driving privileges.³ There are no sanctions (other than towing) for failure to pay fines related to parking offenses.

The Oregon Department of Motor Vehicles (DMV) is electronically connected to over 300 courts statewide--district, municipal, justice, and circuit. According to Jeanelle Naatz, Data Entry Division supervisor, about 12,000 FTAs are processed by the division each month. Ms. Naatz believes that the incidence of repeat offenders is quite high, possibly 50-75 percent. The courts clear between 6,000 and 7,000 driver's licenses for reinstatement per month. After five years, a statute of limitations allows the violator to clear a suspension by simply coming to the DMV office and paying the fine, plus interest. No court appearance is necessary.

Lane Borg, manager of the Criminal Division for the Multnomah County Circuit and District Courts, believes that sanctions are not particularly effective because of the limitations on enforcement. Conceivably, a person may drive on a suspended or expired license for five years and then clear the record without having to go to court.

Washington

Currently, the only sanction for those who fail to appear in court or to pay parking fines is nonrenewal of a driver's license (RCW 46.20.031(3)) or vehicle registration (RCW 46.16.216) respectively.

A bill to suspend driver's licenses for FTAs related to moving violations has been introduced in the legislature, but at present the offense is a misdemeanor (RCW 46.64.020). Anyone with two or more outstanding FTAs within five years is guilty of "failure to comply" (RCW 46.64.027), which is a gross misdemeanor punishable by up to one year in the county jail or a fine of up to \$5,000, or both (RCW 9A20.020).

³In Oregon an FTA refers to outstanding fines as well as to failure to appear in court.

Senator Taylor
February 23, 1993
Page 4

Approximately 85 of the 150 eligible court jurisdictions in Washington participate in the automated vehicle registration suspension program maintained by the state's Title & Registration Department. Statewide, the department processes 30-35 parking violation suspensions per day. Bob Bardish, internal operations manager, says that over 50 percent of the suspensions which come in during a week are cleared by the end of that week.

Copies of the statutes referenced in this memorandum are attached. I hope the information will be useful. Please do not hesitate to call if we can be of further assistance.

Attachments

Alaska State Legislature

Senate Majority Leader
Chair, Judiciary Committee
Vice Chair, Community &
Regional Affairs

Member, State Affairs Committee
Committee on Committees
Western States Legislative Forestry Task Force
Legislative Council



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Senator Robin L. Taylor

SPONSOR STATEMENT

SENATE BILL 166

The intent of this legislation is to encourage individuals to pay outstanding fines related to moving vehicle citations and parking offenses. The bill provides specific means by which this goal can be accomplished: Namely drivers license revocation and non-renewal of motor vehicle registrations.

Senate Bill 166 was designed to provide the court system and municipalities throughout Alaska with additional leverage to collect outstanding fines. It would also apply when an individual fails to appear in court, as ordered.

The bill duplicates House Bill 368, which I introduced in the 17th Alaska State Legislature.

I believe SB 166 would be a valuable tool for use by the courts in addressing the problems of scofflaws, especially those who failed to appear in court or pay a fine imposed by the courts.

The bill is based on statutes from other states. The experience in Washington state indicates that over 50 percent of those who receive notice of possible sanctions clear up outstanding matters within one week.

SB

170

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. Sonate Bill 170

Revision Date: _____

Dept. Affected: Department of Revenue

Title: "An Act relating to income of the permanent fund."

BRU: APFC

Component: APFC

Sponsor: Senator Rieger

Requestor: Senate State Affairs

COMPONENT SERIAL NO. 109

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE FUND SOURCE:	-0-	-0-	-0-	-0-	-0-	-0-
-----------------------------	-----	-----	-----	-----	-----	-----

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) Impact: \$ 0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: William H. Scott, Executive Director *WHS* Phone: 465-2047
 Division: Alaska Permanent Fund Corporation Date: January 31, 1994
 Approved by: Darrel J. Rexwinkel, Commissioner *DJR* Date: 1/31/94
 Commissioner: _____
 Agency: Department of Revenue

PREPARER TO PROVIDE
 For further information

LEGISLATIVE OFFICE
 Legislative Office

Alaska State Senate

SENATOR STEVE RIEGER
District 1

Senate Finance Committee
Chair, Senate Health, Education
and Social Services Committee
Vice Chair, Senate Rules Committee
Vice Chair, Senate Labor and
Commerce Committee



State Capitol
Room 516
Juneau, Alaska 99801
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SENATE BILL 170

- AN ACT RELATING TO THE INCOME OF THE PERMANENT FUND -

Senate Bill 170 places into statute the concept of "real earnings" and applies that concept to the provisions for the uses of Permanent Fund earnings.

CONCEPT OF REAL EARNINGS:

There are several ways in which income of a fund can be calculated. When all cash receipts are counted without regard to the effects of inflation, the earnings are often referred to as "*nominal earnings*." In contrast, "*real earnings*" are the amount by which nominal earnings exceed inflation.

For any long-term preservation of a fund, and particularly in times of any significant inflation, the concept of real earnings is extremely important to the management of an endowment fund. Any endowment which is designed to last for a sustained period of time must be concerned about its purchasing power and earning power. Inflation tends to erode a fund; to offset this a fund must grow (in nominal terms) at the same rate as inflation just to preserve its purchasing or earning power. In this context, a fund can afford only to pay out earnings which are in excess of the rate of inflation — real earnings.

APPROPRIATENESS FOR THE PERMANENT FUND:

I believe that the voters, in establishing the Permanent Fund, intended for the Fund to be truly permanent in the sense that its purchasing power and earning power should not be eroded over time. In this context, a real earnings approach is most appropriate for the Permanent Fund. The only earnings which should be put on the table for use each year are the real earnings.

In contrast, under present statutes all of the *nominal* earnings are put on the table for appropriation each year. The Legislature then allocates the earnings to dividends, inflation-proofing, and the earnings reserve account. With SB170 the inflation-proofing would be automatic and the Legislature would provide for the allocation of real earnings between the dividends and the earnings reserve account.

EFFECT ON PERMANENT FUND EARNINGS RESERVE:

Since there would be no further need to reserve earnings for inflation-proofing, the required size of the Permanent Fund Earnings Reserve (PFER) is not as great. There would, however, be a reason to retain some amount in the PFER to cover 5-year averaging provisions, such as the payout rule on dividends, regardless of whether the real earnings concept is used. SB 170 is silent on the issue of the PFER and does not require any change from present PFER policy.

EFFECT ON DIVIDENDS:

The bill leaves untouched the underlying formula for calculation of dividends. However, since the earnings on which dividends are based are real earnings rather than nominal earnings, there will be a slower rate of long-term growth in dividends, and there could be a temporary drop in the amount transferred to the dividend fund, depending on the Permanent Fund's actual performance in the next few years. These transfers are shown under a variety of earnings assumptions in the attached financial forecasts.

OTHER CHANGES:

One additional change, although minor, is that the effect of inflation on the fund will be calculated using the average annual balance of the Fund, rather than the Permanent Fund's present practice of using the balance as of the end of the year.

SUMMARY:

The overall effect of SB 170 will be that the Permanent Fund will be made more permanent, as the question of inflation-proofing will be removed from the annual process of allocating earnings. Earnings will be more realistic, as they are reflective of the actual economic earnings of the Fund. However, the effect of converting to a real earnings basis for the annual allocation process will also lower the amount put on the table for appropriation each year. The result will be better protection for the Fund, and a better representation to the State of the maximum amount which properly could be used each year.

Alaska State Senate

SENATOR STEVE RIEGER
District 1

Senate Finance Committee
Chair, Senate Health, Education
and Social Services Committee
Vice Chair, Senate Rules Committee
Vice Chair, Senate Labor and
Commerce Committee



State Capitol
Room 516
Juneau, Alaska 99801
(907) 465-3879

PERMANENT FUND PROJECTIONS:

The attached projections from the Alaska Permanent Fund Corporation show the effect of different earnings assumptions on the size of the Permanent Fund, as well as the amount of each year's earnings and transfers to the dividend fund, through the Year 2000. It should be pointed out that these forecasts are still in a nominal-earnings format, even though they are correctly calculated as if SB 170 is in effect.

Most of the forecasts provided by the Permanent Fund Corporation are based on recent investment performance and long-standing assumptions which the Corporation has used regarding nominal earnings and inflation. The forecasts were also done under two different assumptions: in one case the amount of real earnings which are not paid out in dividends is invested in the PFER; in the other case the amount not paid out is transferred to the general fund.

At my request, the Permanent Fund Corporation also did three additional runs, which reflect the higher earnings assumptions suggested in the Ibbotson Associates' report (enclosed). The Ibbotson report was commissioned by the Legislative Budget & Audit Committee late last year and received in January 1994. This report shows the expected average annual return (9.33%) on the Permanent Fund once the Permanent Fund reaches its target portfolio, which is higher-yielding than its present portfolio because of a greater amount of assets invested in higher-yielding securities. The report also suggests two different asset allocations, which yield higher returns of 10.31% and 11.33% respectively. It should be pointed out that these returns are from Ibbotson, and not necessarily agreed to by the Permanent Fund Corporation.

Alaska Permanent Fund Corporation

P.O. Box 25500 Juneau, Alaska 99802-5500

(907) 465-2047

MEMORANDUM

DATE: January 20, 1994

TO: Senator Steve Reiger

FROM: Jim Kelly *JK*
Research & Liaison Officer

SUBJECT: **Analysis of Senate Bill No. 170**

Per your request, the Alaska Permanent Fund Corporation has updated our previous analysis of Senate Bill No. 170. Please note, however, that there are eight financial projections attached as part of this analysis as well as a copy of the population projections used to calculate per capita dividends. **Note:** The model takes the July 1 population numbers (with a one-year lag to allow for the one-year residency requirement), then multiplies by 90 percent (based on 1992 actual experience) to arrive at an approximation of future eligible Permanent Fund dividend applicants.

The additional financial projections are included to provide a more complete perspective on the possible outcomes of passage of SB 170.

Four Variations on the Status Quo

Financial Projection #1: This is the status quo case (with per capita dividends) as of November 30, 1993. It provides the benchmark against which to compare and contrast any changes to current law.

Financial Projection #2: This is the same as the status quo case except this projection assumes for all years after fiscal 1994 that all income remaining after dividends and inflation-proofing is appropriated to the General Fund.

Financial Projection #3: This is the same as the status quo case (Financial Projection #1) except the rate of return for all years after fiscal 1994 is 8.37 percent and the inflation rate is 4 percent.

Financial Projection #4: This is the same as Financial Projection #3, that is, the rate of return for all years after fiscal 1994 is 8.37 percent and the inflation rate is 4 percent, but it also assumes that all income remaining after dividends and inflation-proofing is appropriated to the General Fund.

Four Variations on Senate Bill No. 170

Financial Projection #5: This is the projection based on SB 170 as written (assuming an effective date of July 1, 1994), which makes the following changes to the status quo: (1) inflation-proofing is treated as a return of capital to Fund principal and is given first priority over any other use of what has historically been called net income; (2) a new accounting treatment for Fund income is established: "real income", which equals net income minus inflation-proofing; and (3) real income is used to compute each year's dividend distribution - except during a transitional period in fiscal years 95-99 in which net income is used instead of real income for the years in which real income was not calculated.

Financial Projection #6: This is the same as Financial Projection #5, except that like Financial Projection #2, this projection assumes for all years after fiscal 1994 that all income remaining after dividends and inflation-proofing is appropriated to the General Fund.

Financial Projection #7: This is the same as Financial Projection #5, except that like Financial Projection #3, this projection assumes that the rate of return for all years after fiscal 1994 is 8.37 percent and the inflation rate is 4 percent.

Financial Projection #8: This is the same as Financial Projection #6, that is, SB 170 with a rate of return for all years after fiscal 1994 of 8.37 percent and an inflation rate of 4 percent, but it also assumes that all income remaining after dividends and inflation-proofing is appropriated to the General Fund.

Senator Reiger
January 20, 1994
Page 3

For Your Information: These projections are based on a certain set of basic assumptions; the numbers shown on these sheets would change if different assumptions were used. The assumptions used in the preparation of each projection are listed at the bottom of each projection sheet, and explained herein.

It is the Corporation's policy to use conservative assumptions wherever possible. Thus, the Fund's long-term rate of return is projected to average three percent per year after inflation; long-term inflation is projected to average six percent per year; and the assumptions for future dedicated State oil revenues are taken from the Department of Revenue's most recent "low-case" forecast. The population assumptions used in the computation of future per capita dividend payments are derived from the Middle Series of the Department of Labor's "Population Projections" dated November 1991.

PLEASE NOTE THAT THE CORPORATION NEITHER SUPPORTS NOR OPPOSES ANY PROPOSED CHANGES TO THE CURRENT USE OF FUND EARNINGS, EXCEPT AS THEY MAY RELATE TO THE PROPER EXERCISE OF THE TRUSTEES' FIDUCIARY RESPONSIBILITIES AS REQUIRED UNDER THE PRUDENT INVESTOR RULE.



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Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of November 30, 1993

GROWTH OF FUND PRINCIPAL						
FY	FY Begin Balance	Appro- riations	Dedicated State Revenues*	Inflation- Proofing	FY End Balance	Inflation- Proofing Shortfall
78	0		54		54	
79	54		84		139	
80	139		344		483	
81	483	900	385		1,769	
82	1,769	800	400		2,969	
83	2,969	400	421	231	4,021	
84	4,021	300	366	151	4,838	
85	4,838	300	368	235	5,741	
86	5,741		323	216	6,281	
87	6,281	1,264 **	170	148	7,864	
88	7,864		418	303	8,585	
89	8,585		228	360	9,173	
90	9,173		267	454	9,894	
91	9,894		435	559	10,888	
92	10,888		338	477	11,703	
93	11,703	5 ***	315	362	12,385	
94	12,385	5	209	376	12,975	
95	12,975	5	209	528	13,717	
96	13,717	5	214	557	14,493	
97	14,493	5	221	589	15,308	
98	15,308	6	230	622	16,166	
99	16,166	4	222	984	17,375	
0	17,375	4	204	1,055	18,638	
1	18,638	4	189	1,130	19,961	
2	19,961	4	177	1,209	21,351	
3	21,351	5	165	1,291	22,812	
4	22,812	5	153	1,378	24,348	
5	24,348	5	139	1,470	25,962	
6	25,962	5	128	1,568	27,658	
7	27,658	5	115	1,667	29,445	
8	29,445	5	106	1,763	31,320	10
9	31,320	5	98	1,549	32,972	336
10	32,972	6	90	1,629	34,698	355
Cumulative Totals Projected:						
For FY 1994 - 2010: 27,172 19,360 702						

USE OF FUND INCOME							
Net Income	Distributions				Reserves		FY
	Dividends	Per Capita Dividends	Inflation- Proofing	General Fund	Add (Delete)	FY End Balance	
2				1			78
8				7			79
32	12			12			80
150	28			28	59	59	81
368	71	\$1,000.00		71	185	244	82
471	108	\$386.15	231	110	110	354	83
530	175	\$331.29	151		203	557	84
658	217	\$404.00	235		206	763	85
1,021	303	\$556.26	216		501	1,264 **	86
1,069	391	\$708.19	148		529	529	87
789	424	\$826.93	303		62	591	88
868	460	\$873.16	360	4	44	635	89
916	487	\$952.63	454	4	(30)	605	90
1,030	489	\$931.34	559	4	(24)	581	91
1,036	488	\$915.84	477	5	64	645	92
1,226	532	\$949.46	362	5	320	965	93
1,061	553	\$964.00	376	—	127	1,092	94
1,238	587	\$1,001.00	528		118	1,211	95
1,314	617	\$1,028.00	557		134	1,345	96
1,393	654	\$1,065.00	589		145	1,489	97
1,478	681	\$1,084.00	622		169	1,659	98
1,650	747	\$1,165.00	984		(44)	1,615	99
1,799	806	\$1,230.00	1,055		(66)	1,549	0
1,912	889	\$1,297.00	1,130		(91)	1,458	1
2,027	935	\$1,368.00	1,209		(121)	1,337	2
2,146	1,005	\$1,441.00	1,291		(155)	1,182	3
2,269	1,066	\$1,498.00	1,378		(180)	1,002	4
2,396	1,129	\$1,555.00	1,470		(207)	794	5
2,528	1,193	\$1,614.00	1,566		(236)	558	6
2,665	1,260	\$1,675.00	1,667		(267)	291	7
2,808	1,330	\$1,736.00	1,763		(291)		8
2,956	1,402	\$1,799.00	1,549				9
3,112	1,477	\$1,866.00	1,629				10
34,792	16,312	\$23,386	19,360				

REALIZED RATE OF RETURN ASSUMPTIONS:

	Nominal	Inflation	Real
FY 94-99	7.71%	2.98%	4.73%
FY 95-98: ****	8.37%	4.00%	4.37%
FY 99-2010:	9.00%	6.00%	3.00%

* Department of Revenue Fall 1993 Low-Case Revenue Forecast.

** Earnings reserve appropriated to Fund principal by the Legislature July 1, 1987.

*** Transferred to principal from earnings reserve account per AS 37.13.145(d).

**** Based on capital market assumptions adopted by the Trustees in April 1993.

STATUS QUO WITH PER CAPITA DIVIDENDS



Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of November 30, 1993

GROWTH OF FUND PRINCIPAL						
FY	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall
78	0		54		54	
79	54		84		139	
80	139		344		483	
81	483	900	385		1,769	
82	1,769	800	400		2,969	
83	2,969	400	421	231	4,021	
84	4,021	300	366	151	4,838	
85	4,838	300	368	235	5,741	
86	5,741		323	216	6,281	
87	6,281	1,264 **	170	148	7,864	
88	7,864		418	303	8,585	
89	8,585		228	360	9,173	
90	9,173		267	454	9,894	
91	9,894		435	559	10,888	
92	10,888		338	477	11,703	
93	11,703	5 ***	315	362	12,385	
94	12,385	5	209	376	12,975	
95	12,975	5	209	528	13,717	
96	13,717	5	214	557	14,493	
97	14,493	5	221	589	15,308	
98	15,308	6	230	622	16,166	
99	16,166	4	222	984	17,375	
0	17,375	4	204	1,055	18,638	
1	18,638	4	189	1,130	19,961	
2	19,961	4	177	1,209	21,351	
3	21,351	5	165	1,291	22,812	
4	22,812	5	153	1,378	24,348	
5	24,348	5	139	1,433	25,925	37
6	25,925	5	128	1,288	27,344	275
7	27,344	5	115	1,358	28,821	291
8	28,821	5	108	1,427	30,360	308
9	30,360	5	98	1,502	31,965	326
10	31,965	6	90	1,579	33,640	344
Cumulative Totals Projected:						
For FY 1994-2010:						1,582

USE OF FUND INCOME							
Net Income	Distributions			General Fund	Reserves		FY
	Dividends	Per Capita Dividends	Inflation-Proofing		Add (Delete)	FY End Balance	
2				1			78
8				7			79
32	12			12			80
150	28			28	59	59	81
368	71	\$1,000.00		71	185	244	82
471	108	\$386.15	231	110	110	354	83
530	175	\$331.29	151		203	557	84
658	217	\$404.00	235		206	763	85
1,021	303	\$556.28	216		501	1,264 **	86
1,069	391	\$708.19	148		529	529	87
789	424	\$828.93	303		62	591	88
868	460	\$873.16	360	4	44	635	89
916	487	\$952.83	454	4	(30)	605	90
1,030	489	\$931.34	559	4	(24)	581	91
1,036	488	\$915.84	477	5	64	645	92
1,226	532	\$949.48	362	5	320	965	93
1,061	553	\$964.00	376	—	127	1,092	94
1,238	587	\$1,001.00	528	118		1,092	95
1,303	616	\$1,028.00	557	125		1,092	96
1,371	651	\$1,060.00	589	126		1,092	97
1,443	674	\$1,072.00	622	142		1,092	98
1,637	734	\$1,144.00	984		(85)	1,008	99
1,742	787	\$1,200.00	1,055		(104)	903	0
1,851	845	\$1,260.00	1,130		(128)	775	1
1,963	907	\$1,325.00	1,209		(157)	618	2
2,078	974	\$1,394.00	1,291		(191)	427	3
2,198	1,032	\$1,449.00	1,378		(218)	210	4
2,321	1,093	\$1,504.00	1,433		(210)		5
2,449	1,158	\$1,562.00	1,288				6
2,583	1,221	\$1,621.00	1,356				7
2,721	1,289	\$1,681.00	1,427				8
2,866	1,359	\$1,742.00	1,502				9
3,017	1,432	\$1,807.00	1,579				10
33,843	15,909	\$22,812	18,304	511			

REALIZED RATE OF RETURN ASSUMPTIONS:

	Nominal	Inflation	Real
FY 94-	7.71%	2.98%	4.73%
FY 95-98-****	8.37%	4.00%	4.37%
FY 99-2010:	9.00%	6.00%	3.00%

* Department of Revenue Fall 1993 Low-Case Revenue Forecast.
 ** Earnings reserve appropriated to Fund principal by the Legislature July 1, 1987.
 *** Transferred to principal from earnings reserve account per AS 37.13.145(d).
 **** Based on capital market assumptions adopted by the Trustees in April 1993.
**STATUS QUO WITH PER CAPITA DIVIDENDS,
 EXCEPT ALL REMAINING INCOME TO GENERAL FUND**



Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of November 30, 1993

GROWTH OF FUND PRINCIPAL						
FY	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall
78	0		54		54	
79	54		84		139	
80	139		344		483	
81	483	900	385		1,769	
82	1,769	800	400		2,969	
83	2,969	400	421	231	4,021	
84	4,021	300	366	151	4,838	
85	4,838	300	368	235	5,741	
86	5,741		323	216	6,281	
87	6,281	1,264 **	170	148	7,864	
88	7,864		418	303	8,585	
89	8,585		228	360	9,173	
90	9,173		267	454	9,894	
91	9,894		435	559	10,888	
92	10,888		338	477	11,703	
93	11,703	5 ***	315	362	12,385	
94	12,385	5	209	376	12,975	
95	12,975	5	203	528	13,717	
96	13,717	5	214	557	14,493	
97	14,493	5	221	589	15,308	
98	15,308	6	230	622	16,166	
99	16,166	6	222	658	17,049	
0	17,049	6	204	690	17,950	
1	17,950	6	189	726	18,871	
2	18,871	7	177	762	19,816	
3	19,816	7	165	800	20,788	
4	20,788	7	153	838	21,787	
5	21,787	8	139	877	22,811	
6	22,811	8	126	916	23,863	
7	23,863	8	115	960	24,948	
8	24,948	9	106	1,002	26,063	
9	26,063	9	98	1,047	27,217	
10	27,217	10	90	1,093	28,409	
Cumulative Totals Projected						
For FY 1994-2010: 2,775 13,039						

USE OF FUND INCOME						
Net Income	Distributions			Reserves		FY
	Dividends	Per Capita Dividends	Inflation-Proofing	General Fund	Add (Delete) FY End Balance	
2				1		78
8				7		79
32	12			12		80
150	28			28	59	81
368	71	\$1,000.00		71	185	82
471	108	\$386.15	231	110	110	83
530	175	\$331.29	151		203	84
658	217	\$404.00	235		208	85
1,021	303	\$558.26	216		501	86
1,069	391	\$708.19	148		529	87
789	424	\$828.93	303		62	88
868	460	\$873.16	360	4	44	89
916	487	\$952.63	454	4	(30)	90
1,030	489	\$931.34	559	4	(24)	91
1,035	488	\$915.84	477	5	64	92
1,228	532	\$949.48	362	5	320	93
1,061	553	\$964.00	376	5	122	94
1,238	587	\$1,001.00	528		118	95
1,313	617	\$1,028.00	557		134	96
1,393	654	\$1,065.00	589		144	97
1,477	681	\$1,084.00	622		169	98
1,557	734	\$1,143.00	656		171	99
1,658	778	\$1,186.00	690		183	0
1,752	824	\$1,227.00	726		196	1
1,849	872	\$1,272.00	762		208	2
1,949	921	\$1,317.00	800		221	3
2,053	972	\$1,362.00	838		235	4
2,160	1,025	\$1,407.00	877		250	5
2,271	1,080	\$1,455.00	918		265	6
2,386	1,136	\$1,504.00	960		282	7
2,504	1,194	\$1,554.00	1,002		299	8
2,628	1,255	\$1,604.00	1,047		317	9
2,758	1,317	\$1,658.00	1,093		336	10
32,014	15,199	\$21,831	13,039	5		

REALIZED RATE OF RETURN ASSUMPTIONS:

	Nominal	Inflation	Real
FY 94-	7.71%	2.98%	4.73%
FY 95-98****	8.37%	4.00%	4.37%
FY 99-2010**	8.37%	4.00%	4.37%

* Department of Revenue Fall 1993 Low-Case Revenue Forecast.
 ** Earnings reserve appropriated to Fund principal by the Legislature July 1, 1987.
 *** Transferred to principal from earnings reserve account per AS 37.13.145(d).
 **** Based on capital market assumptions adopted by the Trustees in April 1993.
STATUS QUO BUT ASSUMES AN 8.37% RATE OF RETURN AND 4% INFLATION, FOR ALL YEARS AFTER FISCAL 1994



Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of November 30, 1993

GROWTH OF FUND PRINCIPAL						
FY	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall
78	0		54		54	
79	54		84		139	
80	139		344		483	
81	483	900	385		1,769	
82	1,769	800	400		2,969	
83	2,969	400	421	231	4,021	
84	4,021	300	366	151	4,838	
85	4,838	300	368	235	5,741	
86	5,741		323	216	6,281	
87	6,281	1,264 **	170	148	7,864	
88	7,864		418	303	8,585	
89	8,585		228	360	9,173	
90	9,173		267	454	9,894	
91	9,894		435	559	10,828	
92	10,828		338	477	11,703	
93	11,703	5 ***	315	362	12,385	
94	12,385	5	209	376	12,975	
95	12,975	5	209	528	13,717	
96	13,717	5	214	557	14,493	
97	14,493	5	221	589	15,308	
98	15,308	6	230	622	16,166	
99	16,166	6	222	658	17,049	
0	17,049	6	204	690	17,950	
1	17,950	6	189	728	18,871	
2	18,871	7	177	762	19,816	
3	19,816	7	165	800	20,788	
4	20,788	7	153	838	21,787	
5	21,787	8	139	877	22,811	
6	22,811	8	126	918	23,863	
7	23,863	8	115	960	24,948	
8	24,948	9	108	1,002	26,063	
9	26,063	9	98	1,047	27,217	
10	27,217	10	90	1,093	28,409	
Cumulative Totals Projected:						
For FY 1994-2010: 2,777, 2,777, 16,030						

USE OF FUND INCOME						
Net Income	Distributions			Reserves		FY
	Dividends	Per Capita Dividends	Inflation-Proofing	General Fund	Add (Delete) Balance	
2					1	78
8					7	79
32	12				12	80
150	28				28	81
368	71	\$1,000.00			71	82
471	108	\$386.15	231	110	185	83
530	175	\$331.29	151		110	84
658	217	\$404.00	235		203	85
1,021	303	\$556.26	216		206	86
1,069	391	\$708.19	148		501	87
789	424	\$826.93	303		529	88
668	460	\$873.16	360	4	62	89
916	487	\$952.63	454	4	44	90
1,030	489	\$931.34	559	4	(30)	91
1,036	488	\$915.84	477	5	(24)	92
1,226	532	\$949.46	362	5	64	93
1,061	553	\$964.00	376	5	320	94
1,238	587	\$1,001.00	528	118	122	95
1,303	616	\$1,026.00	557	124	1,087	96
1,371	651	\$1,059.00	589	126	1,087	97
1,443	674	\$1,072.00	622	141	1,087	98
1,517	722	\$1,123.00	658	134	1,087	99
1,594	759	\$1,155.00	690	138	1,087	0
1,672	798	\$1,187.00	728	142	1,087	1
1,752	838	\$1,220.00	762	145	1,087	2
1,834	879	\$1,253.00	800	148	1,087	3
1,918	921	\$1,287.00	838	152	1,087	4
2,005	964	\$1,320.00	877	156	1,087	5
2,094	1,008	\$1,356.00	918	160	1,087	6
2,185	1,054	\$1,391.00	960	164	1,087	7
2,279	1,100	\$1,428.00	1,002	168	1,087	8
2,376	1,149	\$1,464.00	1,047	172	1,087	9
2,477	1,198	\$1,503.00	1,093	176	1,087	10
30,816	14,488	\$20,800	13,038	2,368		

REALIZED RATE OF RETURN ASSUMPTIONS:

	Nominal	Inflation	Real
FY 94:	7.71%	2.98%	4.73%
FY 95 - 98: ****	8.37%	4.00%	4.37%
FY 99 - 2010: **	8.37%	4.00%	4.37%

* Department of Revenue Fall 1993 Low-Case Revenue Forecast.
 ** Earnings reserve appropriated to Fund principal by the Legislature July 1, 1987.
 *** Transferred to principal from earnings reserve account per AS 37.13.145(d).
 **** Based on capital market assumptions adopted by the Trustees in April 1993.
STATUS QUO BUT ASSUMES AN 8.37% RATE OF RETURN AND 4% INFLATION, AND ALL REMAINING INCOME TO GENERAL FUND



#5

Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of November 30, 1993

GROWTH OF FUND PRINCIPAL						
FY	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall
78	0		54		54	
79	54		84		139	
80	139		344		483	
81	483	900	385		1,769	
82	1,769	800	400		2,969	
83	2,969	400	421	231	4,021	
84	4,021	300	366	151	4,838	
85	4,838	300	368	235	5,741	
86	5,741		323	216	6,281	
87	6,281	1,264 **	170	148	7,864	
88	7,864		418	303	8,585	
89	8,585		228	360	9,173	
90	9,173		267	454	9,894	
91	9,894		435	559	10,888	
92	10,888		338	477	11,703	
93	11,703	5 ***	315	362	12,385	
94	12,385	5	209	376	12,975	
95	12,975	5	209	528	13,717	
96	13,717	5	214	557	14,493	
97	14,493	5	221	589	15,308	
98	15,308	6	230	622	16,166	
99	16,166	4	222	984	17,375	
0	17,375	4	204	1,055	18,638	
1	18,638	4	189	1,130	19,961	
2	19,961	4	177	1,209	21,351	
3	21,351	5	165	1,291	22,812	
4	22,812	5	153	1,378	24,348	
5	24,348	5	138	1,470	25,962	
6	25,962	5	128	1,566	27,658	
7	27,658	5	115	1,667	29,445	
8	29,445	5	106	1,773	31,330	
9	31,330	5	98	1,886	33,319	
10	33,319	6	90	2,005	35,420	
Cumulative Totals Projected:						
For FY 1994-2010:						

USE OF FUND INCOME						
Net Income	Distributions			Reserves		FY
	Inflation-Proofing	Per Capita Dividends	General Fund	Add (Delete)	FY End Balance	
2					1	78
8					7	79
32		12			12	80
150		28			28	81
368		71	\$1,000.00		71	82
471	231	108	\$386.15		110	83
530	151	175	\$331.29		203	84
658	235	217	\$404.00		206	85
1,021	216	303	\$556.26		501	86
1,069	148	391	\$708.19		529	87
789	303	424	\$826.93		62	88
868	380	460	\$873.16	4	44	89
916	454	487	\$952.63	4	(30)	90
1,030	559	489	\$931.34	4	(24)	91
1,036	477	488	\$915.84	5	64	92
1,226	362	532	\$949.46	5	320	93
1,061	376	553	\$964.00	5	122	94
1,258	528	532	\$902.00		173	95
1,318	557	503	\$830.00		252	96
1,408	580	481	\$770.00		333	97
1,509	622	445	\$692.00		436	98
1,749	984	414	\$624.00		348	99
1,895	1,055	428	\$630.00		408	0
2,052	1,130	445	\$640.00		473	1
2,221	1,209	465	\$655.00		543	2
2,402	1,291	488	\$674.00		618	3
2,598	1,378	536	\$728.00		679	4
2,806	1,470	588	\$786.00		743	5
3,027	1,566	645	\$848.00		812	6
3,263	1,667	706	\$915.00		885	7
3,514	1,773	772	\$986.00		963	8
3,782	1,886	843	\$1,061.00		1,048	9
4,068	2,005	920	\$1,141.00		1,138	10
39,918						
20,084						
19,763						
\$13,846						
5						

REALIZED RATE OF RETURN ASSUMPTIONS:

	Nominal	Inflation	Real
FY 94:	7.71%	2.98%	4.73%
FY 95-98:	8.37%	4.00%	4.37%
FY 99-2010:	9.00%	6.00%	3.00%

* Department of Revenue Fall 1993 Low-Cost Revenue Forecast.
 ** Earnings reserve appropriated to Fund principal by the Legislature July 1, 1987.
 *** Transferred to principal from earnings reserve account per AS 37.13.145(d).
 **** Based on capital market assumptions adopted by the Trustees in April 1993.



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Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of November 30, 1993

GROWTH OF FUND PRINCIPAL						
FY	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall
78	0		54		54	
79	54		84		139	
80	139		344		483	
81	483	900	385		1,769	
82	1,769	800	400		2,969	
83	2,969	400	421	231	4,021	
84	4,021	300	366	151	4,838	
85	4,838	300	368	235	5,741	
86	5,741		323	216	6,281	
87	6,281	1,264 **	170	148	7,864	
88	7,864		418	303	8,585	
89	8,585		228	360	9,173	
90	9,173		267	454	9,894	
91	9,894		435	559	10,888	
92	10,888		338	477	11,703	
93	11,703	5 ***	315	362	12,385	
94	12,385	5	209	376	12,975	
95	12,975	5	209	528	13,717	
96	13,717	5	214	557	14,483	
97	14,483	5	221	589	15,308	
98	15,308	6	230	622	16,166	
99	16,166	4	222	984	17,375	
0	17,375	4	204	1,055	18,638	
1	18,638	4	189	1,130	19,961	
2	19,961	4	177	1,209	21,351	
3	21,351	5	165	1,291	22,812	
4	22,812	5	153	1,378	24,348	
5	24,348	5	139	1,470	25,962	
6	25,962	5	126	1,568	27,658	
7	27,658	5	115	1,667	29,445	
8	29,445	5	106	1,773	31,330	
9	31,330	5	98	1,886	33,319	
10	33,319	6	90	2,005	35,420	
Cumulative Totals Projected:						
For FYs 1994-2010:						

USE OF FUND INCOME							
Net Income	Distributions			Reserves		FY	
	Inflation-Proofing	Dividends	Per Capita Dividends	General Fund	Add (Delete) FY End Balance		
2					1	78	
8					7	79	
32		12		12		80	
150		28		28	59	81	
368		71	\$1,000.00	71	185	82	
471	231	108	\$386.15	110	110	83	
530	151	175	\$331.29		203	84	
658	235	217	\$404.00		206	85	
1,021	216	303	\$556.26		501	86	
1,069	148	391	\$708.19		529	87	
789	303	424	\$826.93		62	88	
868	360	460	\$873.16	4	44	89	
916	454	487	\$952.63	4	(30)	90	
1,030	559	489	\$931.34	4	(24)	91	
1,036	477	488	\$915.84	5	64	92	
1,226	362	532	\$949.46	5	320	93	
1,061	376	553	\$967.00	5	122	94	
1,238	528	532	\$902.00	173		95	
1,303	557	502	\$827.00	238		96	
1,371	589	475	\$760.00	302		97	
1,443	622	433	\$671.00	382		98	
1,637	984	390	\$584.00	259		99	
1,750	1,055	388	\$567.00	302		0	
1,868	1,130	387	\$551.00	346		1	
1,992	1,209	388	\$538.00	392		2	
2,123	1,291	389	\$525.00	438		3	
2,260	1,378	413	\$549.00	464		4	
2,404	1,470	438	\$572.00	492		5	
2,555	1,566	464	\$596.00	520		6	
2,715	1,667	492	\$622.00	551		7	
2,883	1,773	521	\$648.00	583		8	
3,060	1,886	552	\$678.00	617		9	
3,247	2,005	584	\$705.00	652		10	
34,908							
20,064							
7,899							
\$1,258							
6,718							

REALIZED RATE OF RETURN ASSUMPTIONS:

	Nominal	Inflation	Real
FY 94-	7.71%	2.98%	4.73%
FY 95-98	8.37%	4.00%	4.37%
FY 99-2010	9.00%	6.00%	3.00%

* Department of Revenue Fall 1993 Low-Case Revenue Forecast.
 ** Earnings reserve appropriated to Fund principal by the Legislature July 1, 1987.
 *** Transferred to principal from earnings reserve account per AS 37.13.145(d).
 **** Based on capital market assumptions adopted by the Trustees in April 1993.

SENATE BILL 170 EXCEPT ALL REMAINING EARNINGS TO GENERAL FUND



Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of November 30, 1993

GROWTH OF FUND PRINCIPAL						
FY	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall
78	0		54		54	
79	54		84		139	
80	139		344		483	
81	483	900	385		1,769	
82	1,769	800	400		2,969	
83	2,969	400	421	231	4,021	
84	4,021	300	366	151	4,838	
85	4,838	300	368	235	5,741	
86	5,741		323	218	6,281	
87	6,281	1,264 **	170	148	7,864	
88	7,864		418	303	8,585	
89	8,585		228	360	9,173	
90	9,173		267	454	9,894	
91	9,894		435	559	10,888	
92	10,888		338	477	11,703	
93	11,703	5 ***	315	362	12,385	
94	12,385	5	209	376	12,975	
95	12,975	5	209	528	13,717	
96	13,717	5	214	557	14,493	
97	14,493	5	221	589	15,308	
98	15,308	6	230	622	16,166	
99	16,166	6	222	658	17,049	
0	17,049	6	204	690	17,950	
1	17,950	6	189	726	18,871	
2	18,871	7	177	762	19,816	
3	19,816	7	165	800	20,788	
4	20,788	7	153	838	21,787	
5	21,787	8	139	877	22,811	
6	22,811	8	128	918	23,863	
7	23,863	8	115	960	24,946	
8	24,946	9	106	1,002	26,063	
9	26,063	9	98	1,047	27,217	
10	27,217	10	90	1,093	28,409	
Cumulative Totals Projected:						
For FY 1994 - 2010: 2,777 13,039						

USE OF FUND INCOME						
Net Income	Distributions			Reserves		FY
	Inflation-Proofing	Per Capita Dividends	General Fund	Add (Deductions)	FY End Balance	
2				1		78
8				7		79
32				12		80
150		12		28	59	81
368		71	\$1,000.00	71	185	82
471	231	108	\$386.15	110	110	83
530	151	175	\$331.29		203	84
658	235	217	\$404.00		206	85
1,021	216	303	\$556.26		501	86
1,069	118	391	\$708.19		529	87
789	303	424	\$826.93		62	88
868	360	460	\$873.16	4	44	89
916	454	487	\$952.63	4	(30)	90
1,030	559	489	\$931.34	4	(24)	91
1,036	477	488	\$915.84	5	64	92
1,226	362	532	\$949.46	5	320	93
1,061	376	553	\$964.00	5	122	94
1,238	528	532	\$902.00		173	95
1,318	557	503	\$830.00		252	96
1,408	589	481	\$770.00		333	97
1,509	622	445	\$692.00		436	98
1,622	656	435	\$658.00		525	99
1,744	690	471	\$699.00		576	0
1,872	726	512	\$743.00		628	1
2,007	762	556	\$793.00		682	2
2,149	800	605	\$847.00		737	3
2,297	838	657	\$903.00		796	4
2,454	877	711	\$961.00		857	5
2,617	918	770	\$1,023.00		922	6
2,789	960	831	\$1,086.00		990	7
2,970	1,002	896	\$1,152.00		1,063	8
3,160	1,047	965	\$1,221.00		1,140	9
3,360	1,093	1,037	\$1,294.00		1,221	10
35,574	13,039	10,958	\$15,530	5		

REALIZED RATE OF RETURN ASSUMPTIONS:

	Nominal	Inflation	Real
FY 94:	7.71%	2.98%	4.73%
FY 95-96:	8.37%	4.00%	4.37%
FY 99-2010:	8.37%	4.00%	4.37%

* Department of Revenue Fall 1993 Low-Case Revenue Forecast.
 ** Earnings reserve appropriated to Fund principal by the Legislature July 1, 1987.
 *** Transferred to principal from earnings reserve account per AS 37.13.145(d).
 **** Based on capital market assumptions adopted by the Trustees in April 1993.
SENATE BILL 170, BUT ASSUMES AN 8.37% RATE OF RETURN AND A 4% RATE OF INFLATION FOR ALL FISCAL YEARS AFTER FY 1994



Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of November 30, 1993

GROWTH OF FUND PRINCIPAL						
FY	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall
78	0		54		54	
79	54		84		139	
80	139		344		483	
81	483	900	385		1,769	
82	1,769	800	400		2,969	
83	2,969	400	421	231	4,021	
84	4,021	300	366	151	4,838	
85	4,838	300	368	235	5,741	
86	5,741		323	216	6,281	
87	6,281	1,264 **	170	148	7,864	
88	7,864		418	303	8,585	
89	8,585		228	360	9,173	
90	9,173		267	454	9,894	
91	9,894		435	559	10,888	
92	10,888		338	477	11,703	
93	11,703	5 ***	315	362	12,385	
94	12,385	5	209	376	12,975	
95	12,975	5	209	528	13,717	
96	13,717	5	214	557	14,493	
97	14,493	5	221	589	15,308	
98	15,308	6	230	622	16,166	
99	16,166	6	222	656	17,049	
0	17,049	6	204	690	17,950	
1	17,950	6	189	726	18,871	
2	18,871	7	177	762	19,816	
3	19,816	7	165	800	20,788	
4	20,788	7	153	838	21,787	
5	21,787	8	139	877	22,811	
6	22,811	8	126	918	23,863	
7	23,863	8	115	960	24,946	
8	24,946	9	106	1,002	26,063	
9	26,063	9	98	1,047	27,217	
10	27,217	10	90	1,093	28,409	
Cumulative Totals Projected						
For FY: 1994-2010:						2,777 13,039

USE OF FUND INCOME						
Net Income	Distributions			Reserves		FY
	Inflation-Proofing	Per Capita Dividends	General Fund	Add (Delete)	FY End Balance	
2			1			78
8			7			79
32		12	12			80
150		28	28	59	59	81
368		71 \$1,000.00	71	185	244	82
471	231	108 \$386.15	110	110	354	83
530	151	175 \$331.29		203	557	84
658	235	217 \$404.00		206	763	85
1,021	216	303 \$556.26		501	1,264 **	86
1,069	148	391 \$708.19		529	529	87
789	303	424 \$826.93		62	591	88
868	360	460 \$873.16	4	44	635	89
916	454	487 \$952.63	4	(30)	605	90
1,030	559	489 \$931.34	4	(24)	581	91
1,036	477	488 \$915.84	5	64	645	92
1,226	362	532 \$949.46	5	320	965	93
1,061	376	553 \$964.00	5	122	1,087	94
1,238	528	532 \$902.00	173		1,087	95
1,303	557	502 \$827.00	238		1,087	96
1,371	589	475 \$760.00	302		1,087	97
1,443	622	433 \$671.00	382		1,087	98
1,517	656	412 \$620.00	444		1,087	99
1,594	690	432 \$636.00	465		1,087	0
1,672	726	453 \$653.00	486		1,087	1
1,752	762	475 \$670.00	508		1,087	2
1,834	800	497 \$687.00	530		1,087	3
1,918	838	520 \$705.00	553		1,087	4
2,005	877	544 \$722.00	576		1,087	5
2,094	918	568 \$741.00	600		1,087	6
2,185	960	593 \$760.00	625		1,087	7
2,279	1,002	618 \$779.00	650		1,087	8
2,376	1,047	644 \$798.00	676		1,087	9
2,477	1,093	671 \$818.00	704		1,087	10
30,116	13,039	8,919 \$12,713	7,917			

REALIZED RATE OF RETURN ASSUMPTIONS:

	Nominal	Inflation	Real
FY 94:	7.71%	2.98%	4.73%
FY 95-98:	8.37%	4.00%	4.37%
FY 99-2010:	8.37%	4.00%	4.37%

* Department of Revenue Fall 1993 Low-Case Revenue Forecast.

** Earnings reserve appropriated to Fund principal by the Legislature July 1, 1987.

*** Transferred to principal from earnings reserve account per AS 37.13.145(d).

**** Based on capital market assumptions adopted by the Trustees in April 1993.

SENATE BILL 170, BUT ASSUMES AN 8.37% RATE OF RETURN AND 4% INFLATION AFTER FY 1994, AND ALL REMAINING EARNINGS TO GENERAL FUND



Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of November 30, 1993

GROWTH OF FUND PRINCIPAL						
FY	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall
78	0		54		54	
79	54		84		139	
80	139		344		483	
81	483	900	385		1,769	
82	1,769	800	400		2,969	
83	2,969	400	421	231	4,021	
84	4,021	300	368	151	4,838	
85	4,838	300	368	235	5,741	
86	5,741		323	216	6,281	
87	6,281	1,264 **	170	149	7,664	
88	7,664		418	303	8,585	
89	8,585		228	380	9,173	
90	9,173		267	454	9,894	
91	9,894		435	559	10,888	
92	10,888		338	477	11,703	
93	11,703	5 ***	315	382	12,385	
94	12,385	5	209	376	12,975	
95	12,975	7	209	526	13,718	
96	13,718	7	214	558	14,497	
97	14,497	8	221	589	15,314	
98	15,314	8	230	622	16,175	
99	16,175	8	222	656	17,060	
0	17,060	8	204	691	17,963	
1	17,963	9	189	726	18,887	
2	18,887	9	177	763	19,836	
3	19,836	9	165	800	20,811	
4	20,811	10	153	839	21,813	
5	21,813	11	139	879	22,841	
6	22,841	11	126	919	23,890	
7	23,898	12	115	961	24,985	
8	24,985	12	106	1,004	26,108	
9	26,108	13	98	1,049	27,257	
10	27,257	14	90	1,095	28,466	
Cumulative Totals Projected						
For FY 1994 - 2010:			2,777	13,054		

USE OF FUND INCOME							
FY	Net Income	Distributions			Reserves		FY
		Inflation-Proofing	Per Capita Dividends	General Fund	Add (Delete)	FY End Balance	
78	2					1	78
79	8					7	79
80	32		12			12	80
81	150		28			29	81
82	368		71 \$1,000.00			71	82
83	471	231	108 \$386.15			110	83
84	530	151	175 \$331.29			110	84
85	656	235	217 \$404.00			206	85
86	1,021	216	303 \$556.26			501	86
87	1,069	148	391 \$708.19			529	87
88	789	303	424 \$826.93			62	88
89	868	360	460 \$873.16	4		44	89
90	916	454	487 \$852.63	4		(30)	90
91	1,030	559	489 \$931.34	4		(24)	91
92	1,036	477	488 \$915.84	5		64	92
93	1,226	362	532 \$949.46	5		320	93
94	1,061	376	553 \$964.00	5		122	94
95	1,481	528	557 \$948.00	389		1,087	95
96	1,559	559	554 \$919.00	440		1,087	96
97	1,640	589	558 \$897.00	488		1,087	97
98	1,726	622	543 \$855.00	553		1,087	98
99	1,701	658	541 \$830.00	496		1,087	99
0	1,786	691	556 \$834.00	531		1,087	0
1	1,874	726	572 \$836.00	568		1,087	1
2	1,964	763	587 \$840.00	605		1,087	2
3	2,056	800	603 \$845.00	643		1,087	3
4	2,151	839	631 \$866.00	671		1,087	4
5	2,249	879	660 \$868.00	699		1,087	5
6	2,349	919	690 \$911.00	729		1,087	6
7	2,451	961	720 \$934.00	759		1,087	7
8	2,557	1,004	751 \$958.00	790		1,087	8
9	2,667	1,049	783 \$982.00	822		1,087	9
10	2,780	1,095	817 \$1,007.00	855		1,087	10
34,052	13,054	10,675	\$15,314	10,041			

REALIZED RATE OF RETURN ASSUMPTIONS:

	Nominal	Inflation	Real
FY 94:	7.71%	2.92%	4.79%
FY 95 - 99: ***	9.93%	4.00%	5.93%
FY 99 - 2010:	9.93%	4.00%	5.93%

* Department of Revenue Feb 1993 Low-Case Revenue Forecast.

** Earnings reserve appropriated to Fund principal by the Legislature July 1, 1987

*** Transferred to principal from earnings reserve account per AS 37 13 145(d).

**** Based on capital market assumptions adopted by the Trustees in April 1993

SENATE BILL 17C, BUT ASSUMES A 9.93% RATE OF RETURN AND 4% INFLATION AFTER FY 1994, AND ALL REMAINING EARNINGS TO GENERAL FUND



Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of November 30, 1993

GROWTH OF FUND PRINCIPAL						
FY	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall
78	0		54		54	
79	54		84		139	
80	139		344		483	
81	483	900	385		1,768	
82	1,769	800	400		2,969	
83	2,969	400	421	231	4,021	
84	4,021	300	366	151	4,838	
85	4,838	300	368	235	5,741	
86	5,741		323	216	6,281	
87	6,281	1,254 **	170	148	7,854	
88	7,854		418	303	8,595	
89	8,595		228	360	9,173	
90	9,173		267	454	9,894	
91	9,894		435	559	10,888	
92	10,888		338	477	11,703	
93	11,703	5 ***	315	362	12,385	
94	12,385	5	209	376	12,975	
95	12,975	7	209	528	13,719	
96	13,719	8	214	558	14,498	
97	14,498	8	221	589	15,318	
98	15,318	9	230	622	16,177	
99	16,177	9	222	655	17,064	
0	17,064	10	204	691	17,969	
1	17,969	10	189	727	18,895	
2	18,895	11	177	763	19,846	
3	19,846	12	165	801	20,824	
4	20,824	13	153	840	21,830	
5	21,830	13	139	878	22,862	
6	22,862	14	126	920	23,922	
7	23,922	15	115	962	25,014	
8	25,014	16	106	1,005	26,142	
9	26,142	17	98	1,050	27,307	
10	27,307	18	90	1,097	28,512	
Cumulative Totals Projected						
For FY 1994 - 2010:						2,777 13,064

USE OF FUND INCOME							
Net Income	Distributions			Reserves		FY End Balance	FY
	Inflation-Proofing	Per Capita Dividends	General Fund	Add (Delete)	FY End Balance		
2							78
8							79
32		12					80
150		28			59	59	81
368		71 \$1,000.00			185	244	82
471	231	108 \$386.15		110	110	354	83
530	151	175 \$331.29			203	557	84
658	235	217 \$404.00			208	763	85
1,021	216	303 \$556.26			501	1,264 **	86
1,069	148	391 \$708.19			529	529	87
789	303	424 \$826.93			62	591	88
868	360	460 \$873.16		4	44	635	89
916	454	487 \$952.63		4	(30)	605	90
1,030	559	489 \$931.34		4	(24)	581	91
1,038	477	488 \$915.84		5	54	645	92
1,226	362	532 \$948.46		5	320	965	93
1,061	376	553 \$964.00		5	122	1,087	94
1,540	528	564 \$958.00		442		1,087	95
1,522	558	567 \$941.00		489		1,037	96
1,707	589	576 \$931.00		534		1,087	97
1,795	622	570 \$900.00		595		1,087	98
1,889	656	588 \$907.00		636		1,087	99
1,985	691	618 \$931.00		666		1,087	0
2,082	727	648 \$955.00		697		1,087	1
2,162	763	680 \$981.00		729		1,087	2
2,285	801	713 \$1,007.00		760		1,087	3
2,381	840	746 \$1,033.00		793		1,087	4
2,500	879	780 \$1,059.00		827		1,087	5
2,611	920	815 \$1,087.00		861		1,087	6
2,726	962	852 \$1,115.00		897		1,087	7
2,844	1,005	889 \$1,143.00		934		1,087	8
2,966	1,050	927 \$1,172.00		972		1,087	9
3,092	1,097	967 \$1,202.00		1,011		1,087	10
37,280	13,064	12,051 \$17,287		11,846			

REALIZED RATE OF RETURN ASSUMPTIONS:

	Nominal	Inflation	Real
FY 94:	7.71%	2.95%	4.76%
FY 95 - 98: ****	10.31%	4.60%	6.31%
FY 99 - 2010:	16.01%	4.00%	5.31%

* Department of Revenue Fall 1993 Low-Cost Revenue Forecast.

** Earnings reserve appropriated to Fund principal by the Legislature July 1, 1997.

*** Transferred to principal from earnings reserve account per AS 37.13.145(d).

**** Based on capital market assumptions adopted by the Trustees in April 1992.

SENATE BILL 170, BUT ASSUMES A 10.31% RATE OF RETURN AND 4% INFLATION AFTER FY 1994, AND ALL REMAINING EARNINGS TO GENERAL FUND



Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of November 30, 1993

GROWTH OF FUND PRINCIPAL						
FY	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall
78	0		54		54	
79	54		84		139	
80	139		344		483	
81	483	900	385		1,769	
82	1,769	800	400		2,969	
83	2,969	400	421	231	4,021	
84	4,021	300	366	151	4,838	
85	4,838	300	358	236	5,741	
86	5,741		323	216	6,281	
87	6,281	1,264 **	170	148	7,864	
88	7,864		416	303	8,585	
89	8,585		228	360	9,173	
90	9,173		267	454	9,894	
91	9,894		435	559	10,888	
92	10,568		338	477	11,703	
93	11,703	5 ***	315	362	12,385	
94	12,385	5	209	376	12,975	
95	12,975	8	209	528	13,720	
96	13,720	9	214	558	14,500	
97	14,500	10	221	589	15,320	
98	15,320	10	230	622	16,183	
99	16,183	11	222	657	17,073	
0	17,073	12	204	692	17,980	
1	17,980	13	189	727	18,909	
2	18,909	14	177	764	19,864	
3	19,864	15	165	802	20,846	
4	20,846	16	153	841	21,855	
5	21,855	17	139	881	22,892	
6	22,892	18	126	922	23,958	
7	23,958	20	115	964	25,056	
8	25,056	21	106	1,007	26,191	
9	26,191	23	96	1,052	27,363	
10	27,363	24	90	1,099	28,577	
Cumulative Totals Projected						
For FY 1994 - 2010: 2,777 13,079						

USE OF FUND INCOME						
Net Income	Distributions			Reserves		FY
	Inflation-Proofing	Per Capita Dividends	General Fund	Add (Delete)	FY End Balance	
2			1			78
8			7			79
32		12	12			80
150		28	28	59	59	81
368		71	71	185	244	82
471	231	108	110	110	354	83
530	151	175		203	557	84
658	235	217		206	763	85
1,021	216	303		501	1,264 **	86
1,089	148	391		529	529	87
789	303	424		62	591	88
868	360	460		44	635	89
916	454	487	4	(30)	605	90
1,030	559	489	4	(24)	581	91
1,036	477	488	5	54	645	92
1,226	362	532	5	320	965	93
1,061	376	553	5	122	1,087	94
1,702	528	581	585		1,087	95
1,792	558	602	623		1,087	96
1,886	589	629	658		1,087	97
1,985	622	644	709		1,087	98
2,088	657	663	738		1,087	99
2,194	692	717	774		1,087	0
2,302	727	753	809		1,087	1
2,413	764	790	846		1,087	2
2,527	802	828	883		1,087	3
2,644	841	867	921		1,087	4
2,765	881	907	960		1,087	5
2,889	922	948	1,001		1,087	6
3,016	964	991	1,042		1,087	7
3,148	1,007	1,034	1,085		1,087	8
3,283	1,052	1,079	1,129		1,087	9
3,424	1,099	1,125	1,175		1,087	10
41,120	13,079	19,729	\$19,732	13,944		

REALIZED RATE OF RETURN ASSUMPTIONS

	Nominal	Inflation	Real
FY 94:	7.7%	2.9%	4.7%
FY 95 - 98: ***	11.35%	4.0%	7.35%
FY 99 - 2010:	11.35%	4.0%	7.35%

* Department of Revenue Fall 1993 Low-Case Revenue Forecast

** Earnings reserve appropriated to Fund principal by the Legislature July 1, 1987

*** Transferred to principal from earnings reserve account per AS 37.13.145(d)

**** Based on capital market assumptions adopted by the Trustees in April 1993

SENATE BILL 179, BUT ASSUMES A 11.35% RATE OF RETURN AND 4% INFLATION AFTER FY 1994, AND ALL REMAINING EARNINGS TO GENERAL FUND



Alaska Permanent Fund Corporation

P.O. Box 25500 Juneau, Alaska 99802-5500

(907) 465-2047

January 13, 1994

Senator Randy Phillips
Legislative Budget & Audit Committee, Chairman
State Capitol Building, Room 103
Juneau, AK 99801-1182

Dear Senator Phillips:

Thank you for providing us with Ibbotson's report on the asset allocation of the Alaska Permanent Fund Corporation (APFC). We are pleased to provide this initial response to the report. Communication on this issue will continue as the board commences its annual review of APFC's asset allocation at the February 3 meeting in Juneau.

Since April 1993, the APFC has been involved with a significant portfolio restructuring program under the direction of the Board of Trustees. Upon completion, the APFC will place significantly less emphasis on passive investment and more on active management of the equity securities portfolio. This program has been undertaken with our investment consultant, Callan Associates, Inc. (Callan), providing recommendations and advice at each step of the program. Once completed, a number of the issues mentioned in the Ibbotson Associates Asset Allocation study will have been addressed.

After reading the Ibbotson report, Callan made the following observations:

1. Recent performance has been good because the board and staff have done a good job of adopting sound strategic allocation policies and employing good managers.
2. Movement toward current strategic targets at an accelerated pace may be particularly important since much of the strong performance over the past several years is attributable to extraordinary bond returns which are unlikely to continue given the current low level of interest rates. Obviously, we all agree with this

assessment and you, through significant funding of global portfolios in recent months, have already essentially reached the strategic target allocations.

3. Diversification within the domestic equity portfolio could be improved with a greater commitment to the small and mid-cap sector. Callan shares this view and your staff recognizes the under-representation in this area and plans to address it through the hiring of two small/mid-cap domestic equity managers in the first half of 1994.
4. Diversification within the fixed-income portfolio could be improved with explicit allocations to major segments such as mortgages. As discussed at length at our recent meeting, the effects of statutory limitations on fixed-income management must be carefully considered. The use of derivative securities, lower-rated bonds and non-US\$ denominated bonds are all influenced by current (statutory) restrictions. In addition, managing liquidity to meet annual dividend requirements is increasingly affecting the fixed-income portfolio. Nonetheless, broader diversification of the fixed-income effort warrants further discussion and already has been scheduled for the upcoming board meeting. As an aside, I was pleased to see that Ibbotson recognized the fee savings and good performance that has been achieved to date. It also is important to note that at least over the past several years an allocation to mortgages would have hindered performance.
5. Ibbotson's expected equity returns are extraordinarily high relative to the firm's expected bond returns. While I sincerely hope that they are correct, the very large premiums and the high absolute levels may result in an underestimation of near-term risk associated with more aggressive strategies. Relatedly, we, staff and the board have all acknowledged that heavier equity commitment would result in greater expected returns over the long run but we all also recognize that shorter-term consistency in returns is particularly important to the Fund since the annual dividend is potentially at issue. Finally, it is important to note that the "aggressive" alternative suggested results in full utilization of the statutory equity maximum of 50%.
6. Ibbotson very clearly advises that the board control asset allocation at a more micro level than it has in the past. Specially, the study advises that the board set specific allocations within the fixed-income and domestic equity areas and make extensive use of specialists in the international area. The directions suggested are contrary to the board's movement toward providing less restrictive guidelines to its managers, particularly the global managers. I think that this is an important issue that already has been discussed at length during 1993 and warrants continued close monitoring

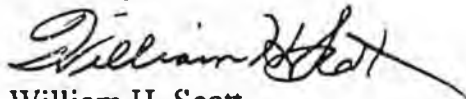
January 13, 1994
Senator Randy Phillips
Page 3

and review as we gain experience with the current structure. My current view is that the board's basic asset allocation plan, while theoretically vulnerable to the actions of the managers, will not be adversely affected. Each manager has indicated that it is highly unlikely that they would make sudden dramatic shifts from domestic to international portfolios. We, therefore, will be able to identify any potential problem before it undermines the program. You are continuing to use some specialists internationally and are planning to add specialists in domestic mid-cap securities. In sum, Ibbotson's management structure comments are important and I agree that the structure, particularly the domestic structure, should be on the board's agenda for 1994.

The staff of the APFC agree with Callan's remarks. Should the Legislative Budget & Audit Committee (LB&A) like to discuss in greater detail these conclusions, we recommend that myself and a representative of Callan Associates, Inc. be invited to appear before the Committee. The APFC would be pleased to make the necessary arrangements.

We would like to express our appreciation for LB&A's efforts and those of Ibbotson in conducting this review. It is always helpful to receive more than one independent view of this most important subject of asset allocation. In addition, we would be pleased to have Ibbotson present their report to the Board of Trustees at its meeting on February 3, 1994 at the APFC offices in Juneau.

Sincerely,



William H. Scott
Executive Director



Alaska Permanent Fund Corporation

P.O. Box 25500 Juneau, Alaska 99802-5500

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January 13, 1994

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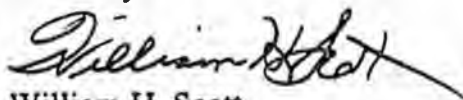
January 13, 1994
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Page 3

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Sincerely,



William H. Scott
Executive Director



ASSET ALLOCATION STUDY

FOR

THE ALASKA PERMANENT FUND

Prepared by Ibbotson Associates, Inc.
January, 1994



Summary of Recommendations

Currently, the Alaska Permanent Fund is a well diversified portfolio that has enjoyed tremendous success in recent years. This success is mainly due to the Board's knowledge of the importance of asset allocation and its commitment to diversification. This has resulted in the Fund earning high rates of return at relatively conservative levels of risk. The Fund is well positioned to reap the benefits of diversification, having made investments in many different asset classes, both domestic and international. Also, the Fund appears to be efficiently managed, employing reputable and capable managers for both its equity and fixed income assets. The Fund has been able to manage its substantial fixed income portfolio entirely in-house, keeping administrative costs and outside management fees to a minimum. Several important issues must be addressed, however, in order to ensure the Fund's continued success.

Our analysis suggests the Permanent Fund should alter its asset allocation policy in order for the Fund to enjoy returns similar to those it has earned in recent years. Specifically, the Board should consider the following actions:

- ▶ Revise its current three-year target asset mix to include a larger allocation to domestic mid and small capitalization equities, European, Pacific Rim and emerging market equities, and mortgage-backed securities.
- ▶ Adopt a more aggressive investment style by allocating a larger percentage of Fund assets to equity assets and real estate.
- ▶ Revise its equity management plan by setting specific allocations for international and domestic mid and small capitalization equity managers.
- ▶ Set specific target allocations across fixed income sectors.

By implementing these changes, the Board can help ensure that the Permanent Fund will achieve the highest expected return for its chosen risk level. This will help the Board achieve its statutory goals of maximizing total Fund return and providing the maximum amount of disposable income to Alaska's citizens.

This report presents recommendations concerning the Alaska Permanent Fund. The first section provides background information on the procedures we used to perform the asset allocation study. The second section suggests improvements for those portfolios, and outlines a third portfolio suited to a more aggressive investment philosophy. The final section provides guidance on several important implementation issues.

I. Analyzing an Investment Portfolio

A first step in analyzing an investment portfolio is determining whether the portfolio adequately compensates the investor for taking risk. Ideally, the portfolio is *efficient* in providing return to the investor; i.e., the portfolio provides the most return possible for the amount of risk taken. In reality, however, few portfolios accomplish this objective.

Defining Asset Classes

In order to analyze the Fund's portfolio, we had to decide which assets to include in the Fund's investment universe. Currently, the Fund invests in 12 different asset classes that comprise six main categories. The benchmarks used to represent each asset class in our analysis are listed in Appendix A at the end of this report. The asset classes used in our study are as follows:

U.S. Equity Assets

Large Capitalization
Mid/Small Capitalization

Non-U.S. Equity Assets

Canada
Europe
Pacific
Emerging Markets

Other Assets

Real Estate

Non-U.S. Fixed Income Assets

Intermediate-Term Government/Corporate Bonds
Long-Term Government/Corporate Bonds
Mortgage-Backed Securities

Non-U.S. Fixed Income Assets

Non-U.S. Government Bonds

Cash

U.S. Treasury Bills



Forecasting Return

We also had to forecast three estimates for each asset class: expected return, expected risk (as measured by standard deviation), and expected return correlation between assets. Summary tables of our forecasts are provided in Appendix B. It is important to note that our return, risk, and correlation forecasts are *long-term* -- they apply to an investment horizon of 10 years or more. Our forecasts are passive in nature and, therefore, would not change dramatically if we were to recalculate them a year from now. Consequently, the portfolio allocations we recommend will remain stable over a very long time period, and will require few changes over a long-term investment horizon.


The basis for our equity return forecasts is the risk-free rate of return and the historical premium, called an equity risk premium, that is demanded by investors for holding risky assets. We use the historical premium because the amount by which common stocks have outperformed risk-free government bonds has been consistent over time. The long-term equity risk premium for large capitalization domestic equities over the period January 1926 to September 1993 was 7.25 percent. Also, many researchers have found that, as the risk of an investment increases, so does its expected return. For this reason, we forecast the expected return of other equity asset classes, such as domestic small capitalization equities and international equities, to have greater expected returns.

The basis of our fixed income return forecasts is the current risk-free rate of return, as proxied by the current yield on a risk-free government bond with a maturity matching the investment time horizon. Currently, this rate is 6.31 percent, the current yield on 20-year U.S. Treasury bond. To this rate, we add the appropriate maturity premium (additional return required by investors for relinquishing the use of their money for long time periods) and default premium (additional return that compensates investors for buying bonds that have default risk, such as corporate bonds) for each class of bonds for which we are forecasting returns.

For international fixed income assets, we forecast returns as if the assets were denominated in U.S. dollars. Since currency fluctuations are expected to average to zero over time, any short-term currency gains or losses will not affect the long-term return on international assets. Currency fluctuations do increase risk, however, and are accounted for in our risk forecasts of non-U.S. fixed income assets.

Forecasting Risk

When forecasting the risk of an asset, we typically assume that the future will equal the past. Therefore, we forecast risk by calculating the historical standard deviation using a long time period over which we have reliable data, and data that is representative of possible future scenarios. Although investment risk can be quantified in a number of



ways for asset allocation purposes, we believe that risk is best modeled as the annual volatility of returns, and standard deviation provides an estimate of how much actual returns may deviate from the average, expected return over time. We use shorter time periods only when we can identify a permanent and dramatic process shift in the behavior of an asset class, such as the late 1960s when bond market volatility increased noticeably from its observed volatility during the previous 40 years.

Forecasting Return Correlation


Return and risk are not the only factors that determine how a portfolio performs. The correlation between the returns of two assets also plays an important role in portfolio performance. Correlation measures how much the returns of two assets tend to move together or move separately. If the returns move together, the assets are positively correlated. If they move in opposite directions, the assets are negatively correlated. If no pattern can be detected in the way the assets' returns move, the assets have a return correlation of zero.

Portfolios comprised only of assets that have high, positive correlations with each other are not well diversified. This tends to exaggerate both upside and downside volatility, and the risk of the portfolio. On the other hand, portfolios with assets that have low or negative return correlations will provide more stable returns because, even though some assets may perform poorly, other portfolio assets will perform better, serving to reduce portfolio volatility. The benefits of diversification, therefore, are a direct result of relatively low return correlations among portfolio assets.

When forecasting return correlation, we again typically assume that the future will equal the past. The basis for our forecast of return correlation is, therefore, the historical correlation between assets, observed over the longest time period for which reliable data is available.

Determining the Fund's Current Allocation

The amount of the Fund currently allocated to each asset class was determined by using information in the Fund's 1993 Annual Report, with supplemental information provided by William L. Means, the Fund's Chief Investment Officer. Market values of all investments came from the Annual Report, while Mr. Means provided clarification regarding the amount currently invested in equities of domestic companies with capitalizations larger than \$1 billion (large capitalization equities), the amount currently invested in equities of companies with capitalizations of \$1 billion or less (mid and small capitalization equities), and the amount currently invested in domestic government and corporate bonds with maturities ranging from one to seven years (intermediate-term),



and more than seven years (long-term). The Fund's current allocation, and its expected return and standard deviation is given on page 5.

Determining the Fund's Three-Year Target Allocation

The Permanent Fund's investment manual provided information regarding the three-year target allocation, although some guidelines were too broad for our purposes. For example, the manual lists a 10 percent target allocation for international equities, but gives no country-specific allocations. In this case, we assumed the Fund would increase its international equity exposure to 10 percent, while maintaining the current proportion invested among sectors. Also, the target allocation constrains the amount invested in non-domestic fixed income assets to 10 percent or less, but provides no specific number. We assumed the amount invested in international debt would decrease in proportion to the total decrease in the amount allocated to all fixed income assets. The Fund's three-year target allocation, and its expected return and risk, is listed on the following page.

Current and Three-Year Target Portfolios

Asset Class	Current Allocation (%)	3-Year Target Allocation (%)
U.S. Large Capitalization Stocks	21.17	24.00
U.S. Mid/Small Capitalization Stocks	0.65	6.00
Canadian Stocks	0.03	0.04
European Stocks	2.54	4.28
Pacific Region Stocks	2.94	4.97
Emerging Market Stocks	0.42	0.72
Real Estate	6.69	10.00
Cash	4.64	0.00
Intermediate Govt/Corp Bonds	30.86	25.32
Long-Term Govt/Corp Bonds	25.27	20.74
Mortgage-Backed Securities	3.94	3.24
Non-U.S. Government Bonds	0.85	0.69
Expected Return (%)	8.53	9.93
Standard Deviation (%)	7.57	9.91



II. Asset Allocation Recommendations

The next step in our analysis was to improve the Fund's current and target portfolios by increasing their expected return while keeping expected risk at a constant level.

Allocation with Risk of the Current Portfolio

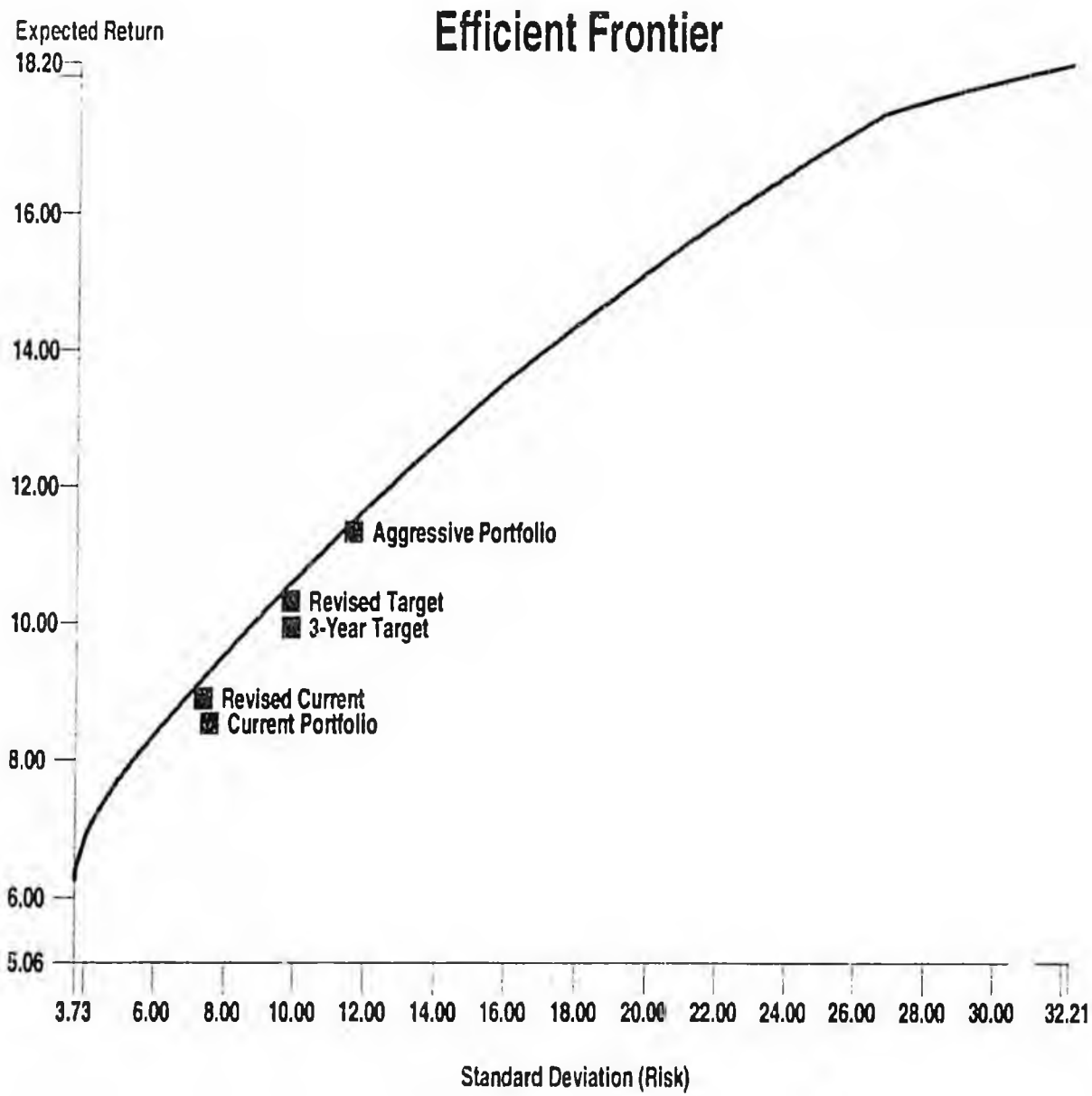
As shown in the graph on page 7, the Fund's current portfolio does not provide the maximum amount of expected return for the amount of risk taken. For example, the portfolio labeled "revised current" provides a higher expected return and slightly less risk than the current portfolio. (The graph is titled "Efficient Frontier" because the line in the graph represents those portfolios which are the most efficient in providing return to the investor; i.e., those portfolios provide the maximum return for a given level of risk.) The allocations for both the current and revised portfolios, as well as their expected returns and standard deviations, are shown on page 8.

The current portfolio need not be drastically changed in order to achieve a higher expected return. In fact, the percent of the portfolio invested in equities (approximately 35 percent, including real estate) and in fixed income assets (approximately 65 percent), is the same in both the current and revised portfolios. Rather, the composition of the equity and fixed income portions need only change. By shifting part of the equity portion from large capitalization stocks to mid and small capitalization and international stocks, and part of the fixed income portion from cash and long-term bonds to intermediate-term bonds and mortgage-backed securities, the Fund can achieve a higher expected return while taking less risk.

Although these changes represent shifts from safer assets to more risky ones, the overall risk of the portfolio actually decreases. This is because domestic mid and small stocks, mortgage-backed securities, and international stocks have low correlations with many of the other portfolio assets.


Allocation with Risk of the Target Portfolio

The graph on page 7 shows that the Fund's target portfolio also does not provide the highest possible expected return for the amount of risk taken. Although both the allocations of the target and revised target portfolios are equally divided between equity and fixed income assets, the revised target portfolio has a significantly higher expected return and less risk. The composition of both portfolios, along with their expected returns and standard deviations, is given on page 8.



**Current and Recommended
Portfolio Allocations**

Asset Classes	Allocations				
	Current Portfolio (%)	Revised Current (%)	3-Year Target (%)	Revised Target (%)	Aggressive Portfolio (%)
U.S. Large Cap Stocks	21.17	11.00	24.00	16.00	18.00
U.S. Mid/Small Cap Stocks	0.65	4.00	6.00	8.00	10.00
Canadian Stocks	0.03	0.00	0.04	0.00	0.00
European Stocks	2.54	3.50	4.28	6.00	7.50
Pacific Region Stocks	2.94	4.00	4.97	7.00	10.50
Emerging Market Stocks	0.42	2.50	0.72	3.00	4.00
Real Estate	6.69	10.00	10.00	10.00	10.00
Cash	4.64	1.00	0.00	1.00	1.00
Intermediate-Term Govt/Corp Bonds	30.86	40.00	25.32	30.00	18.00
Long-Term Govt/Corp Bonds	25.27	12.00	20.74	5.00	6.00
Mortgage-Backed Securities	3.94	12.00	3.24	14.00	15.00
Non-U.S. Govt Bonds	0.85	0.00	0.69	0.00	0.00
Expected Return	8.53	8.89	9.93	10.31	11.33
Standard Deviation	7.57	7.40	9.91	9.89	11.69



The superior tradeoff between risk and return of the revised target portfolio can be accomplished by shifting a larger portion of Fund assets into domestic mid and small capitalization stocks, international stocks, mortgage securities, and real estate. Again, these riskier assets have low correlations with many other portfolio assets, and therefore provide enhanced diversification benefits.

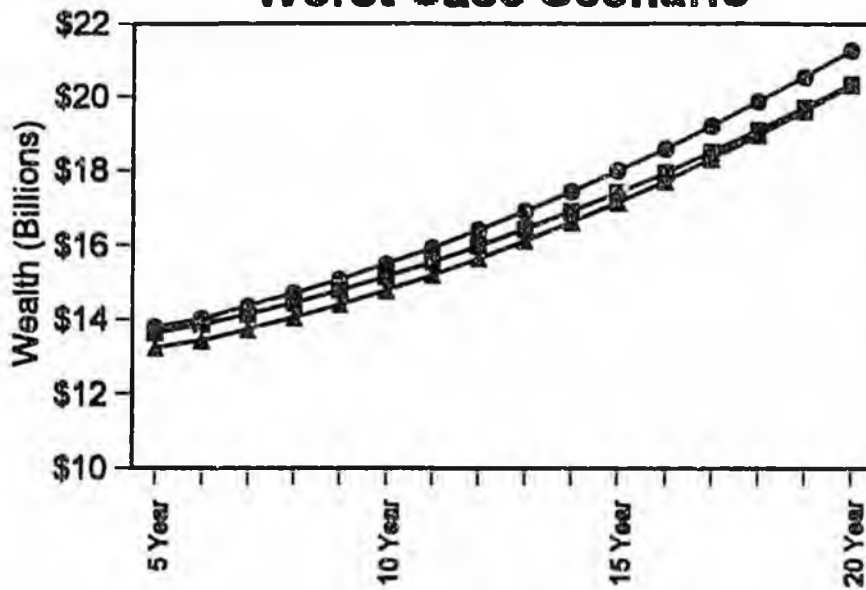
Allocation of a More Aggressive Portfolio

Although we have analyzed and suggested improvements to both the current and target portfolios, we have not yet commented on whether either portfolio is appropriate for the Fund. Ideally, a portfolio provides enough return to meet the goals of the investor while maintaining a level of risk that is comfortable for the investor. By setting a three-year target portfolio that has an increased allocation to equity assets, the Board has indicated that it is comfortable with a more aggressive investment philosophy. In our opinion, such an aggressive investing strategy is appropriate and necessary for achieving the Fund's statutory goals of maximizing total return and providing the maximum amount of disposable income to the citizens of Alaska. Consequently, we believe the Fund should consider the benefits of investing in the "aggressive portfolio," also shown in the graph on page 7.

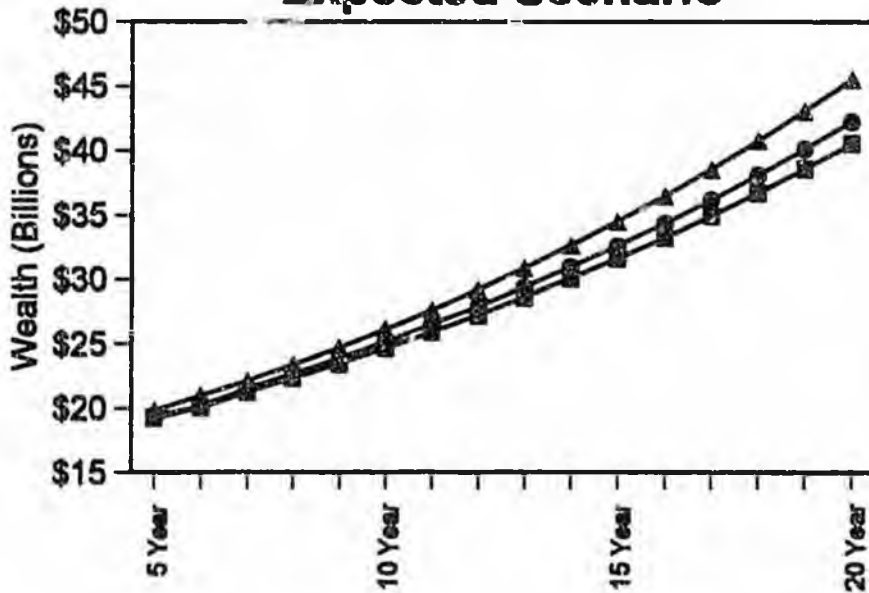
In recent years, the Fund has enjoyed relatively high returns, particularly on its fixed income investments. These high returns were due, in part, to rather unique market conditions, such as a dramatic decline in U.S. interest rates. These market conditions, however, are not expected to continue in the future, as evidenced by the returns expected on the current and target Fund portfolios. The potentially lower returns earned by both these portfolios are important factors to consider, because such low returns will inevitably lead to lower dividend payments to Alaskans. Our recommended aggressive portfolio, however, with its significant allocations to international equities and mortgage-backed securities, has an expected return in the range of the Fund's recent returns. The allocation of this aggressive portfolio, along with its expected return and standard deviation, is provided on page 8.

The graphs on the following page can help to compare the expected performance of each portfolio. The graphs show expected wealth values under the target, revised target, and aggressive portfolios for five-, ten-, and twenty-year investment horizons. Although the Board may consider the aggressive portfolio too risky, the graph shows that the majority of this portfolio's volatility is due to its broad range of possible high, *positive* returns, not negative ones. For all investment time horizons, the aggressive portfolio has a higher expected wealth value under the best- and expected-case scenarios. Only under the worst-case scenario does the aggressive portfolio underperform the target portfolio, while the revised target portfolio performs better than the target portfolio in *all* cases.

Worst Case Scenario

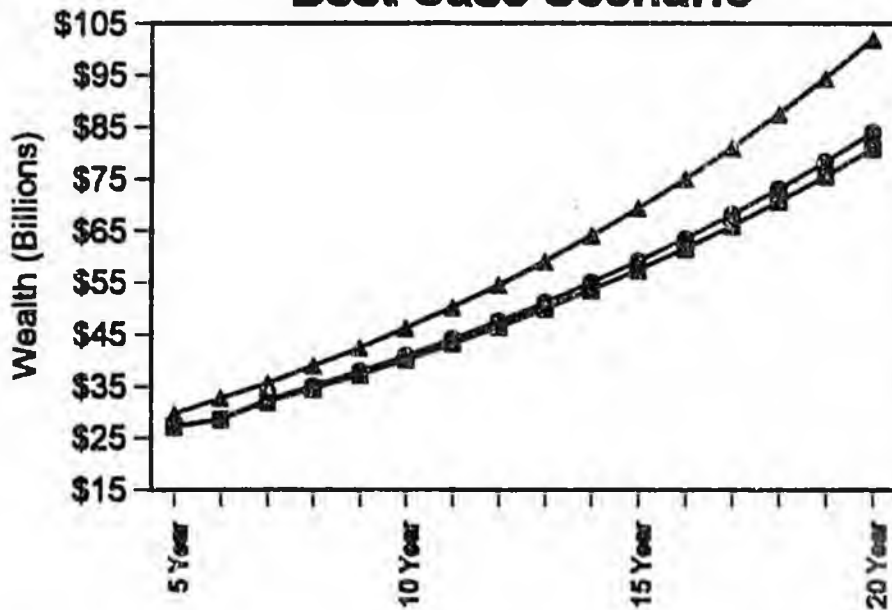


Expected Scenario



- 3-Year Target Portfolio
- Revised Portfolio
- ▲ Aggressive Portfolio

Best Case Scenario





Testing Our Recommended Portfolios

To ensure the validity of our recommended portfolios, we tested those portfolios and the Fund's current and target portfolios for *stability*. A stable portfolio is one that performs well under a variety of possible future market conditions; i.e., the portfolio provides adequate return for the amount of risk taken under conditions that differ from our forecasts. We tested the portfolios using "worst-case" scenarios where the return of one or more assets is lower than expected and the risk is higher than expected. The following scenarios were used, both individually and in combination, to test our recommended portfolios:

- U.S. equity risk premium decreases to 5 percent
- Mid and small capitalization equity return decreases to 15 percent
- Europe equity return decreases to 10 percent
- Europe equity standard deviation increases to 26 percent
- Pacific equity return decreases to 10 percent
- Pacific equity standard deviation increases to 34 percent
- Emerging market equity return decreases to 10 percent
- Return between long-term and intermediate-term bonds increases to 1 percent
- Intermediate-term bond standard deviation increases to 6 percent
- Mortgage-backed securities return decreases to 6 percent
- Mortgage-backed securities standard deviation increases to 11 percent
- Real estate standard deviation increases to 25 percent
- Correlation between U.S. stocks and U.S. bonds increases 30 percent
- Correlation between U.S. stocks and non-U.S. stocks increases 30 percent

Under these scenarios, our recommended portfolios provided higher returns with less risk than either the Fund's current or target portfolios. For example, the improved target portfolio had 10 basis points more return and less risk than the current target portfolio when tested under the assumption that all international markets had the lower returns and higher risks outlined above. This indicates that the revised portfolios will perform better over the long run, despite possible extreme underperformance of some markets.



III. Implementation Issues


Whichever portfolio the Board chooses, several issues must be addressed by the Board to ensure maximum Fund performance. The single most important issue is the degree of adherence to the chosen allocation. Research has suggested that the asset allocation decision accounts for over 90 percent of the variability of returns on a portfolio, and is the single largest determinant of portfolio performance.¹ Consequently, individual security selection and active security management, the two factors commonly assumed to contribute the most to the return of a portfolio, actually account for only a small amount of portfolio return variability. Therefore, adherence to the chosen allocation is *crucial* to the future performance of any investment portfolio, including the Permanent Fund. Accordingly, the Board must decide whether the current investment strategy of the Fund accommodates a strict adherence to the chosen allocation. We address this issue separately for equity and fixed income assets in the following two sections.

Equity Assets

As of April 1993, the Board decided to use active managers only for domestic mid/small capitalization stocks and all international equities. Since our recommended portfolios are based on passive benchmarks, we believe that the long-term performance we forecast can be achieved through the use of passive managers, although it is certainly possible for active managers to meet or exceed that performance. For this reason, we believe the Board's decision to retain active managers is appropriate, *as long as each manager is given only that portion of Fund assets that is recommended in the chosen allocation, and is required to invest those assets in the specific, recommended asset class.*

This stipulation is in direct contrast to the Board's new global investment strategy as outlined in the Fund's 1993 Annual Report. The new strategy allows active international equity managers to decide when and where to invest Fund assets, essentially shifting the asset allocation decision from the Board to the manager. As mentioned earlier, asset allocation, not security selection or active market timing, is the largest determinant of portfolio performance. Under the planned strategy, the Fund's equity allocation will shift continuously, violating the most crucial aspect of strategic asset allocation: maintaining a stable asset mix which was chosen based on long-term forecasts and needs of the fund. For this reason, we suggest a slightly modified strategy where the Board hires managers that have a specific style of investing. For example, under this modified strategy, the European equity allocation would be managed by a manager who specializes in European equities. This type of management strategy would allow the Board to retain control over the equity allocation of the Fund.

¹ Gary P. Brinson, Brian D. Singer, and Gilbert L. Beebower, "Determinants of portfolio performance II: An update," *Financial Analysts Journal*, May-June 1991.




The Fund's domestic equity managers also have similar control over the asset allocation decision. Currently, the performance of each domestic equity manager is evaluated by using a benchmark portfolio that consists of 80 percent large capitalization equities and 20 percent mid and small capitalization equities. The equity managers, however, are not specifically required to invest 80 percent of their Fund allocation in large capitalization stocks and 20 percent in mid and small capitalization stocks. A manager could alternate between large cap and mid and small cap stocks, and still *average* an 80 percent large cap and 20 percent mid and small cap investment. This manager could potentially be 100 percent invested in large cap stocks when the return in the mid and small cap market is high, and vice-versa. Again, this causes the overall equity allocation of the Fund to change continuously, and shifts control of the asset allocation decision to individual managers. Because the asset allocation decision is so important to the overall performance of the Fund, we feel the Board should set specific domestic equity allocations, and select managers who specialize in each asset class. This will ensure the maximum expected return for the Fund's equity investments.

Fixed Income Assets

Currently, the Fund's fixed income assets are passively managed in-house by the Fund's Chief Investment Officer, and are generally treated as a single asset class. Our analysis, however, treats the fixed income category as five distinct asset classes, because each contributes unique benefits to the overall portfolio. Treasury bills, for example, provide more liquidity than the other assets, and are, consequently, the least risky. Also, mortgage-backed securities perform differently from government or corporate bonds. For this reason, each fixed income asset class must be considered separately in the asset allocation decision.

Currently, the Board treats all fixed income assets as a single asset class and provides only a broad allocation directive. This essentially shifts the asset allocation decision to the fixed income manager. While the current allocation across fixed income assets may be appropriate when viewed in isolation, that same allocation may be inappropriate when viewed in the context of the overall portfolio. The Board has a comprehensive perspective on the Fund and, as such, should determine the Fund allocation to each asset class. For this reason, we suggest that the Board set specific target allocations for fixed income asset classes. In this way, the Board maintains control over the Fund's asset allocation and ensures maximum overall Fund performance.

Prior to beginning our study, several Board members and senators voiced concern over the Fund having only one manager for the entire fixed income portfolio. We feel that a single, capable manager, such as the current manager, can manage a large, passive fixed income portfolio with few problems, as long as that portfolio has only a small allocation to mortgage-backed securities. However, if a larger proportion of funds was invested in



mortgage-backed securities (as is our recommendation), it may be required to hire additional staff. This is because mortgage-backed securities are more complex to analyze, and the holders of mortgage securities continually receive principal and interest payments which must be accurately recorded. All our recommended portfolios contain substantial allocations to mortgage-backed securities. Consequently, we suggest that the Board hire an outside manager to manage the mortgage portfolio, or, at the very least, hire additional support staff.

Conclusion

Although the Permanent Fund has an excellent performance history, the Fund faces new and uncertain investment challenges in the coming years. The Board, realizing the importance of asset allocation to overall Fund performance, has created a target allocation to meet those challenges. However, as our analysis reveals, the Board can implement a better allocation for the Fund, one that has higher expected return and less risk than the Fund's target portfolio. Also, the Board can implement a new investing policy, one emphasizing an adherence to the chosen allocation. By doing so, the Board will help ensure the maximum expected performance of the Fund over the long-term investment horizon, thereby providing the highest possible income to the State's citizens and fulfilling its obligation to those citizens.



Appendix A: Benchmarks Used in Asset Allocation Study

<u>Asset Class</u>	<u>Benchmark Description</u>
U.S. Large Capitalization Equity	S&P 500: A market capitalization-weighted index of 500 of the largest stocks of companies domiciled in the United States.
U.S. Mid/Small Capitalization Equity	Russell 2000 Index: A market capitalization-weighted index of the stocks of the bottom two thirds of the largest 3,000 publicly traded companies domiciled in the United States.
Canada Equity	Morgan Stanley Capital International Canada Total Return Index: A market capitalization-weighted index of 81 large Canadian stocks.
Europe Equity	Morgan Stanley Capital International Europe Total Return Index: A market capitalization-weighted index of large stocks from Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Spain, Sweden, Switzerland, and the United Kingdom.
Pacific Equity	Morgan Stanley Capital International Pacific Total Return Index: A market capitalization-weighted index of large stocks from Australia, Hong Kong, Japan, Malaysia, New Zealand, and Singapore.
Emerging Markets Equity	IFC Emerging Market Composite Index: A broad-based, market capitalization-weighted index of stocks listed in countries with a per capita GDP below an annually-disclosed figure. Currently, 20 countries are represented in the Composite index.
Cash	U.S. 90-Day Treasury Bills: Published by Salomon Brothers in <i>International Bond and Money Market Performance</i> .



IT Govt/Corp Bonds

Lehman Brothers Intermediate-Term Government/Corporate Bond Total Return Index: A portfolio of U.S. government issues (>\$100 million par value) and investment grade corporate debt (>\$50 million par value) with an average maturity of 4.42 years as of November 29, 1993.

LT Govt/Corp Bonds

Lehman Brothers Government/Corporate Bond Total Return Index: A portfolio of U.S. government issues (>\$100 million par value) and investment grade corporate debt (>\$50 million par value) with an average maturity of 10.81 years as of November 29, 1993.

Mortgage-Backed Securities

Lehman Brothers Mortgage-Backed Securities Total Return Index: An index of all fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), and the Federal National Mortgage Association (FNMA). The index has an average maturity of 5.39 years.

Non-U.S. Bonds

Salomon Brothers Non-U.S. 1+ Bond Index: A market capitalization-weighted index of bonds from Australia, Canada, Germany, Japan, Netherlands, Switzerland, and the United Kingdom with one year or more to maturity. The average maturity of bonds in the index is 6.95 years.

Real Estate

Wilshire Real Estate Securities Total Return Index: A market capitalization-weighted index of approximately 85 real estate investment trust and real estate operating companies.

Appendix B: Forecasts Used in Asset Allocation Study

Forecasts of Expected Return and Standard Deviation

Asset Class	Expected Return	Standard Deviation
U.S. Large Cap Stocks	13.56	20.61
U.S. Mid/Small Cap Stocks	18.03	32.95
Canada Stocks	13.73	24.64
Europe Stocks	13.98	22.69
Pacific Stocks	15.11	28.24
Emerging Market Stocks	21.38	47.00
Real Estate	9.90	13.63
Cash	4.61	2.73
IT Govt/Corp Bonds	5.89	4.10
LT Govt/Corp Bonds	6.37	7.22
Mortgage-Backed Securities	7.45	9.28
Non-U.S. Govt Bonds	6.01	14.75

SB

184

813 Lancaster Drive
Fairbanks, Alaska 99712
March 16, 1993

Senator Steve Frank
Alaska State Senate
Room 518
State Capitol
Juneau, Alaska 99801-1182

RECEIVED MAR 18 1993

Re: Limitation of Liability of Volunteers
Proposed New Statute

Dear Steve:

As I mentioned in our telephone conversation of Thursday, March 11, 1993, the Washington, D.C. Council (the equivalent of its city council) recently adopted D.C. Act 9-353, for the stated purpose of amending the District of Columbia Nonprofit Corporation Act "to provide immunity from civil liability for volunteers and employees of non-profit corporations." The statute strikes a careful balance among the competing concerns in this area. I have drafted a modified version of the statute, attempting to apply those concepts to Alaska law.

In this letter I will try to make the case for adoption of this or a similar statute. I emphasize that while I have had a great deal of experience with non-profit corporations, as a director, officer and attorney, I am writing as a private citizen and not on behalf of any group or non-profit corporation.

Present Alaska law provides for a few limited kinds of protection for volunteers. There are special statutes protecting emergency medical technicians (AS 09.65.090(b)), volunteer aircraft safety inspections (AS 09.65.092), physicians and other medical professionals delivering "good Samaritan" services (AS 09.65.090(a)), emergency veterinary care (AS 09.65.097), and a general limitation on the liability of officers and directors of non-profit corporations (AS 10.20.151(d)). The standards and rules of liability for each of these exceptions is slightly different, resulting in confusing and sometimes contradictory guidelines that depend upon the character of the services delivered by the volunteer. By far the greatest number of volunteers have no protection at all. And the organizations for which they work have no protection at all from the negligence of the volunteers.

BASIS FOR THE BILL
LETTER FROM ADVOCATE

To the extent that the average volunteer thinks about the risk of personal liability at all, they assume they have some statutory protection from liability or that if they don't their homeowner's or automobile insurance will protect them. Most of the time all of those assumptions are false.

There is a second aspect to volunteer liability: the rule of law called "respondeat superior" - the rule that the master will respond, meaning the "employer" is liable for the torts of the "employee" - applies to volunteers in most instances as well. Thus, a non-profit corporation may be liable for the negligence of its volunteers.

These risks are presently managed partially, if at all. In the best case, non-profit monies are spent on insurance premiums for liability policies that might be more effectively spent on delivery of the services. And areas containing high risk are simply not serviced at all.

The proposed statute attempts to balance various competing interests:

(1) the need to encourage volunteers to donate their services without risk of personal ruin in the event they are negligent;

(2) the need to keep and retain employees at non-profit corporations, often at substantially lower wages than equivalent positions in the private sector;

(3) the need to assure non-profit corporations that they can deliver services without facing financial ruin in the event of employee or volunteer negligence; and

(4) assurance that volunteers, employees of non-profit corporations and the non-profit corporations will have sufficient economic stake in risk management that they do not become careless in the delivery of their services.

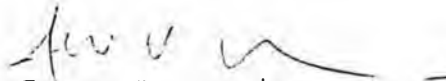
The general scheme of the proposed statute is to relieve volunteers from their negligence if minimum levels of insurance are in place at the non-profit corporation. Levels of misconduct more serious than negligence or gross negligence are no excuse. A volunteer could then serve without risk of personal financial liability for their negligence. The non-profit corporation can maintain reasonable levels of insurance and be assured it has adequate protection. And the levels of insurance are high enough to assure that the non-profit corporations will still act with a sufficient level of care to protect the general public.

Senator Steve Frank
March 16, 1993
Page 3

The insurance levels required to trigger protection for volunteers could be extended to employees as well. The amounts of insurance required could be adjusted to different levels, say to the levels required for auto insurance. The kinds of insurance required could be changed to clarify the type of coverages required. But all of those changes are mere glosses on the structure. The important issue is to get a form of general volunteer protection in place.

If there is anything I can do to assist in the adoption of this proposal, please do not hesitate to contact me.

Sincerely yours.



James D. DeWitt

Enclosure

WALTER J. HICKEL, GOVERNOR

PLEASE REPLY TO:

1031 WEST 4TH AVENUE, SUITE 200
ANCHORAGE, ALASKA 99501-1994
PHONE: (907) 269-5100
FAX: (907) 276-3697

KEY BANK BUILDING
100 CUSHMAN ST., SUITE 400
FAIRBANKS, ALASKA 99701-4679
PHONE: (907) 451-2811
FAX: (907) 451-2846

P.O. BOX 110300 - STATE CAPITOL
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600
FAX: (907) 463-5295
(907) 465-3603
(FAX) 465-2539

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

April 28, 1993

RECEIVED APR 30 1993

Honorable Steve Frank
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Re: SB 184

Dear Senator Frank:

At the request of the Governor's legislative office, we have reviewed SB 184. The bill would create a new statute, AS 09.65.098, which would immunize employees and volunteers of certain non-profit corporations from civil liability under certain conditions. If applicable, the bill provides immunity to individual [employees] and volunteers but does not affect the liability of the non-profit corporations for whom those individuals work or provide their services. Proposed AS 09.65.098(a) and (d).

The immunity is predicated on one of two things: The non-profit corporation must either (1) maintain a minimum level of liability insurance or (2) have administrative operating costs under \$100,000 and be tax-exempt. Proposed AS 09.65.098(b).¹ The bill does not preclude liability for gross negligence, recklessness, or intentional misconduct. Proposed AS 09.65.098(c). If enacted, the bill would apply only to actions that accrue on or after its effective date. Sec. 2.

As noted, the bill would eliminate the personal liability of volunteers and [employees] of certain non-profit corporations for simple negligence, but would not affect the liability of the non-profits themselves. It should be understood that, because of this immunity, there would be no possibility of third party recovery from a non-profit corporation or an insurer for an employee's or

¹ We express no opinion on the insurance levels used in the bill, but do suggest that an insurance specialist verify that standard forms of coverage are available at the levels identified. The Division of Risk Management in the Department of Administration, or the Division of Insurance in the Department of Commerce and Economic Development, may be able to provide assistance in this area.

REVIEW BY DEPT OF LAW

Honorable Steve Frank
Alaska State Legislature
Re: SB 184

April 28, 1993
Page 2

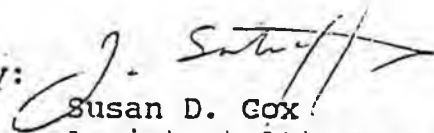
volunteer's personal liability. Even though the non-profit may have the liability insurance specified in the bill, such insurance would not provide coverage for acts or omissions that are statutorily immunized from liability. Therefore, recovery from the non-profit or its insurer would be incumbent on proving direct negligence by the non-profit itself, or by establishing that the non-profit is vicariously liable for the acts or omissions of the [employee] or volunteer.²

We have no comments on legal aspects of the bill other than the observations above. Please feel free to contact us if you have further questions.

Sincerely,

CHARLES E. COLE
ATTORNEY GENERAL

By:

 For:
Susan D. Cox
Assistant Attorney General

SDC:bap

cc: Deborah E. Behr
Log # 93-004

² It is conceivable that there might be circumstances in which a volunteer could perform a service for a non-profit corporation and be immune under AS 09.65.098(a), yet the non-profit would not necessarily have direct or vicarious liability. In such circumstances, there might not be a source of recovery for injured third parties, notwithstanding the fact that the non-profit may have liability insurance. Conversely, there could be situations where an employee or volunteer is immune and the non-profit corporation definitely has liability, but there is no liability insurance coverage. See proposed AS 09.65.098(b).

Alaska State Legislature

STEVE FRANK

119 N. Cushman, Rm. 213
Fairbanks, Alaska 99701
(907) 452-3421



While in Juneau
P.O. Box V
Juneau, Alaska 99811
(907) 465-3709
Capitol Rm. 417

Senate

TO: Senator Robin Taylor, Chairman
Senate Judiciary Committee

FROM: Senator Steve Frank, Co-Chairman
Senate Finance Committee

RE: SPONSOR STATEMENT for CS SB 184 (L & C):
Civil Liability of Volunteers

DATE: January 31, 1994

Senate Bill 184 proposes to make volunteers of non-profit corporations in Alaska immune to civil liability for damages incurred while on the job. Immunity will only be granted for civil damages incurred while the volunteer is performing his/her duties in good faith without being reckless or grossly negligent.

This immunity will only apply to volunteers of non-profit corporations which have a liability insurance policy of at least \$200,000 per individual claim, and \$500,000 for all claims arising from the same occurrence.

Certain kinds of volunteers are already protected against civil liability in Alaska law; EMTs, volunteer aircraft safety inspectors, doctors and other medical professionals delivering "good Samaritan" services, emergency veterinary care, and a general limit to liability for officers and directors of non-profit corporations.

But for the most part, individual volunteers in Alaska have no statutory protection from liability. This bill is necessary to allow volunteers of non-profit corporations to give their services freely without the threat of a lawsuit and personal ruin. Volunteers are an important, powerful resource in our state and they deserve protection from liability.

Thank you for hearing this bill.

SPONSOR STATEMENT

**DIVISION OF LEGAL SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

February 1, 1994

SUBJECT: Sectional Summary of CSSB 184 (L&C)

TO: Senator Steve Frank

FROM: Michael F. Ford *M.F.*
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Provides that a person who volunteers for a nonprofit corporation is not liable for civil damages that result from an act or omission of that person, if the nonprofit corporation is insured or is exempt from applicable insurance requirements. Limits the immunity to acts or omissions that are not intentional, reckless, or grossly negligent. Establishes liability insurance requirements that must be met in order to create immunity for volunteers. Provides that for acts or omissions of a volunteer a nonprofit corporation that is insured as required by this section is only liable up to the limit of the corporation's policy of liability insurance.

Section 2. Applicability section.

Section 3. Effective date.

MFF:pl
94-090.plm

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CS SB 184(FIN)
Work draft 8-LS0954/E 1/21/94

Revision Date: 01/21/94 Dept. Affected: Alaska Court System
Title: An Act relating to civil liability of BRU: Trial Courts
volunteers of certain nonprofit corporations Components: _____
Sponsor: Frank
Requestor: _____ COMPONENT SERIAL NO. 768

EXPENDITURES/REVENUES (Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY 94) cost: \$ None

ANALYSIS: (Attach a separate page if necessary)
No fiscal impact

Prepared by: C. S. Christensen III, Staff Counsel *CSC* Phone: 264- 3228
Agency: Alaska Court System Date: 01/21/94

Approved by: Arthur H. Snowden, II, Administrative Director *AHS*
Agency: Alaska Court System Date: 01/21/94

PREPARER TO PROVIDE ALL DISTRIBUTED FISCAL NOTES TO OFFICE

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CS SB 184

Revision Date: 1/24/94
Title: Volunteers and Employees of Nonprofits
Sponsor: Senator Frank
Requestor: _____

Department Affected: Commerce and Economic Development
BRU: Insurance
Component: Operations
COMPONENT SERIAL NO. 354

Expenditures/Revenues:

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ()	0	0	0	0	0	0
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FUND SOURCE

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

Estimate of current year (FY 94) cost: \$ 0

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary.)

No fiscal impact.

Prepared by: Joan Brown, Administrative Officer
Division: Insurance

Phone: 465-2597
Date: 1/24/94

Approved by Commissioner: Paul Fuhs 
Agency: Commerce and Economic Development

Date: 2-3-94

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Iditarod Trail Sled Dog Race

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February 3, 1994

Senator Steve Frank
State Capitol
Juneau AK 99801-1182

Dear Senator Frank

As you may know, the success of the annual Iditarod Trail Sled Dog Race depends largely upon the efforts of in excess of 1,500 loyal and dedicated volunteers. Because continued volunteerism is considered vital to the Race, the Iditarod Trail Committee, Inc. (ITC) wishes to take this opportunity to support CSSB 184 (L&C).

The growing concern which has been expressed from time to time by volunteers over potential civil liability, even as a result of well-intentioned efforts on behalf of the Race, is of genuine concern to the ITC. While the personal risk of liability may not be the only reason that volunteerism in general is declining on a nationwide basis, most believe it to be a primary reason.

The ITC believes that passage of CSSB 184 would help to alleviate this unfavorable trend by removing this particular concern from the minds of volunteers associated with the Iditarod as well as the many other fine organizations who benefit tremendously from important volunteer contributions.

Thank you for your consideration.

Sincerely yours for,

The Iditarod Trail Committee, Inc.


Stan Hoolcy
Executive Director

cc: ITC Board of Directors

TOTAL P.001

LETTERS OF SUPPORT